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Spain's rush to get ready p.17

**Alvarez: Life after Marriage** p.12

**The sunshine Metro** p.11

## NEWS SUMMARY

**GENERAL**  
**Pressure on health pay policy grows**  
The Government came under pressure to relax the tough line on National Health Service pay, which has provoked industrial action.  
The National Association of Health Authorities passed a resolution at its annual conference in Brighton calling on the Government to re-examine its 4 per cent pay offer to health workers.  
The resolution was approved immediately before Health Secretary Norman Fowler addressed the conference. Page 5

**BUSINESS**  
**\$ falls; equities and gilts recover**  
DOLLAR fell to DM 2.395 (DM 2.411). SwFr 2.0475 (SwFr 2.0575) and Y24.5 (Y24.9). But it rose to a record FFr 6.325 (FFr 6.295). Its trade weighted index was 116.7 (117.2). Page 23

STERLING gained 1 cent to \$1.775. It fell to DM 4.2525 (DM 4.2575) and rose to SwFr 3.635 and rose to FFr 11.235 (FFr 11.11). Its trade weighted index remained at 94.4. Page 23

GOLD fell \$2.375 to \$326.5 in London. In New York, the Comex June close was \$327.75 (\$326.75). Page 21

EQUITIES rallied on news of the ceasefire in Lebanon.

**Poland rebuked**  
The International Labour Organisation, in Geneva, rebuked Poland for suspending the independent trade union Solidarity.

**Ulster blast**  
A policeman was killed and two others seriously injured when a bomb exploded while they were searching a Londonderry garage.

**Leader re-elected**  
The Official Unionist Party in Northern Ireland unanimously re-elected as leader James Molyneux, MP for South Antrim.

**Rail warning**  
Transport Secretary David Howell warned that the rail network's future is in jeopardy unless BR can deliver on productivity. Page 5

**Letter apology**  
The Economic Secretary to the Treasury, Mr Jock Bruce-Gardyne, apologised to the Premier for his comments about the Falklands crisis revealed in a private letter, which was stolen, with the comments subsequently disclosed in the New Statesman.  
Mrs Thatcher saw him, after which he retracted the reported comments.

**Telecom threat**  
The 130,000-strong Post Office Engineering Union said it will take "industrial action if necessary" to stop the privatisation of British Telecom. Page 5

**Blaze death**  
Bachelor Norman Wood, 57, died after dousing his body with petrol and setting himself on fire in a Hartlepool park.

**Camel mascot**  
A camel which was in a film with Anthony Quinn is being flown to Spain as Kuwait's mascot for the World Cup soccer finals, which start tomorrow. Bookmakers have made Brazil 15-8 favourites and England 10-1. Feature, Page 17

**Test score**  
England were 433 all out and India 92 for five at the end of the second day's play in the First Test, at Lord's.

**Briefly . . .**  
Turkey is to hold a referendum in a new constitution by November 14. Page 2  
Baby boy was found dead in his home in Stockport, after a fire.

**Conservatives consider elevation of long-serving MPs to Lords**  
BY PETER RIDDELL, POLITICAL EDITOR

**GRIEF PRICE CHANGES YESTERDAY**  
(Prices in pence unless otherwise indicated)

RISES	
Esor 14pc 1986 . . . £102 1/2	+ 1
Treas 14pc '86-01 . . . £103 1/2	+ 1
Bairdson '88-01 . . . 55	+ 4
Control Secs . . . 43	+ 2 1/2
Erskine House . . . 85	+ 2
Geers Gross . . . 310	+ 30
Greigermans . . . 166	+ 2
Health (C. E.) . . . 338	+ 13
Horizon Travel . . . 205	+ 7
Jardine Matheson . . . 173	+ 11
Pilkington . . . 235	+ 10
Plessey . . . 468	+ 8
Routledge Kern Paul . . . 245	+ 5
Royal Insurance . . . 360	+ 13
Sin Life . . . 60	+ 6
Secord City Props . . . 555	+ 10
Sun Life . . . 545	+ 15
Tilbury Group . . . 66	+ 3
Turner Newall . . . 42	+ 3
UKO Int . . . 154	+ 5
Vickers . . . 154	+ 5

FALLS	
Willis Faber . . . 483	- 11
Candeece . . . 237	- 9
Marine . . . 129	- 23
Shell Transport . . . 228	- 8
Sun (UK) Rty . . . 285	+ 15
Barlow Hlids . . . 69	+ 9
CRA . . . 172	+ 10
Cons Gold Fields . . . 342	+ 9
REZ . . . 388	+ 11
Western Mining . . . 196	+ 3

FALLS	
Burco Dean . . . 285	- 3
Chemring . . . 380	- 20
Minet . . . 215	- 6
Sonic Sound . . . 44	- 4
Sothebys . . . 270	- 5
Ward Goldstone . . . 75	- 27
Wigfall (H.) . . . 112	- 5
De Beers Deft . . . 194	- 9
Pacific Copper . . . 60	- 8
Welkom . . . 333	- 20

## Israel and Syria agree to ceasefire

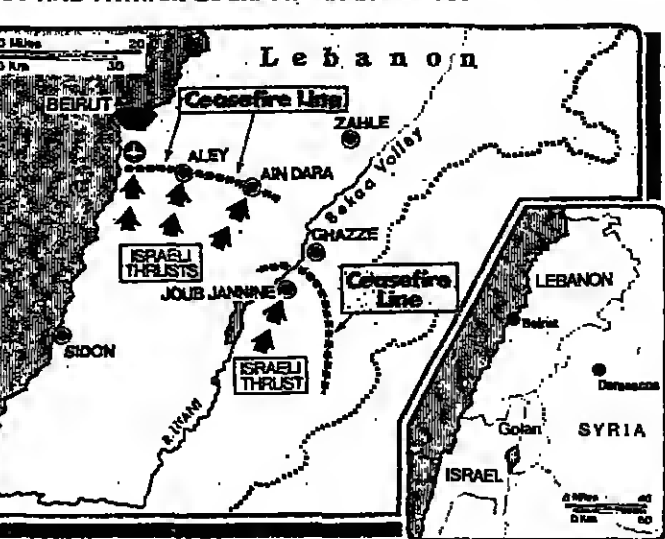
BY DAVID LENNON IN TEL AVIV, ANTHONY McDERMOTT IN BEIRUT AND PATRICK COCKBURN IN DAMASCUS

ISRAEL and Syria agreed yesterday to a ceasefire in Lebanon which left Israel in control of nearly half the country after a week of fierce fighting.

No ceasefire was negotiated with the Palestine Liberation Organisation and heavy exchanges between Israeli troops and the Palestinian guerrillas south of Beirut were reported long after more generalised fighting had died out at noon.

Mr Yasser Arafat, chairman of the PLO, merely reconfirmed his acceptance of the UN resolutions which called for a cessation of hostilities and an unconditional Israeli withdrawal. Syria also agreed to the ceasefire on condition that the Israeli forces withdrew.

The ceasefire between Jerusalem and Damascus was demanded by the Americans, who now face the uphill task of working out an arrangement for Lebanon which will convince the Israelis that they can withdraw confident that their settlements in the north of Israel will not again be within range of Palestinian artillery. It was unclear last night how



the continuing battle between Israeli troops and the Palestinian formations would affect the attempt to reach a political settlement.

The army spokesman in Tel Aviv said Israeli troops were not advancing on the Palestinian formations, although the Israeli Air Force had bombed Palestinian targets.

In Damascus, Western diplomats felt the truce was unlikely to hold unless there was a rapid disengagement of Syrian and Israeli forces. If clashes continued between Israel and the PLO, Syria could be dragged back into the conflict.

When the standstill came into effect, Israeli troops were on the southern outskirts of Beirut, with units just 2 miles South of the Beirut-Damascus highway at Ain Dara 20 miles East of the capital. In eastern Lebanon, Israeli armour had pushed North of Jib Jennine in the Bekaa Valley some 23 miles beyond the Israeli border.

Following American pressure and growing disquiet within the Israeli Cabinet over the expanding scope of the war, Mr

Menahem Begin, the Prime Minister, and General Ariel Sharon, his ebullient Defence Minister, agreed on Thursday night to the ceasefire.

Israel listed its casualties at over 100 killed and 600 wounded during the fighting. Among the dead was Maj Gen Yekutiel Adam, until recently the Deputy Chief of Staff, who was due to take over as head of the Mossad, Israel's Secret Service, on Sunday.

Gen Sharon told a Press conference in Tel Aviv yesterday that he did not yet have exact statistics on the number of Palestinian guerrillas who had been killed or captured in the conflict.

"They suffered very heavy casualties and their infrastructure was destroyed," the Defence Minister said. "We managed to cause the PLO damage which will influence their activities for a very, very long period."

Syria yesterday admitted losing 83 tanks in battles in the Bekaa Valley and near the main Beirut-Damascus highway. A spokesman said 194 troops had been killed. Both figures are likely to be considerable understatements.

Fatalities among Lebanese civilians are also thought to be high, with many more wounded and thousands made homeless.

The ceasefire applied only to the frontline Israeli forces engaging the Syrians, Gen Sharon said. "We do not have a ceasefire with the terrorists." The Israeli forces would continue their attempts to "clean the area South of the ceasefire line of terrorists."

Middle East details, Page 3; Man in the News, Back Page

## Secret talks on franc and EMS

BY JOHN WYLES IN BRUSSELS

A WEEKEND devaluation of the French franc within the European Monetary System seemed likely last night as secret talks between finance officials continued unexpectedly late into the evening.

Speculation about an EMS realignment intensified all day yesterday as the French franc came under fierce pressure on the foreign exchanges. The French currency was pushed to the floor of its permitted EMS value against the D-mark, despite Bank of France's intervention.

Against this background, a meeting of the Community's highly secretive monetary committee — composed of senior officials from EEC central banks and treasuries — assumed new importance.

As it ran on longer than usual into the evening, reports reaching EEC capitals confirmed that a franc devaluation could be expected. But the length of the meeting, also pointed to some possible difficulties in reaching agreement on the size of the devaluation.

The French Government was thought to have endorsed the reported desire within French industry for a 10 per cent devaluation against the D-mark. But it was not clear whether this would be achieved by a full devaluation of this proportion or by a lesser devaluation accompanied by an upward revaluation of the German currency.

Bonn was expected to resist any attempts by other countries to jump on a devaluation bandwagon on the grounds that they would be making an opportunistic bid to boost their competitiveness. But German support for a franc devaluation was not in doubt.

Although last night's monetary committee might prepare the ground for a realignment, it is thought likely that EEC finance ministers will have to meet either in Brussels or Luxembourg tomorrow (Sunday).

Money Markets, Page 23

## Nott pressed to silence over Falklands casualties

BY BRIDGET BLOOM, DEFENCE CORRESPONDENT

THE MINISTRY OF Defence in London refused yesterday for the second day running to reveal the number of casualties suffered in six attacks on Tuesday on two British landing-ships in the Fitzroy area of East Falkland.

It appears that the total number of casualties is now known, and the Ministry expects to have informed all next of kin by this morning. But a high-level political source in the Ministry said yesterday that the totals will not be published for "operational reasons."

The decision not to publish the figure was apparently the result of long and tough discussions between the Chiefs of the Armed Services, speaking for the commanders of the task-force, and Ministers.

It was being suggested last night that Mr John Nott, the Defence Secretary, would have

liked to publish the figures as soon as the next of kin were informed, but was prevailed on by the service chiefs to keep them secret.

The official blackout of news made it impossible to gauge whether the Fitzroy incident would delay the expected attack on Port Stanley, the capital of the Falklands. Two landing-ships, the Sir Galahad and the Sir Tristram, were bombed in an inlet near Fitzroy late on Tuesday. Each vessel can carry up to 500 men, but it is believed that the Sir Tristram had unloaded its men and stores. Reporter on the spot spoke of hundreds of men being hit and burnt into flames.

Many are known to have escaped, but unofficial totals of 40-50 dead and about 150 injured were being circulated in Westminster yesterday.

However, a report from Argentina, quoting military sources, spoke of 50 to 900 casualties in all.

Teh Defence Ministry refused to give any guidance on these figures.

Nor was it more forthcoming yesterday on the campaign to re-take Port Stanley. It confirmed that an Argentine patrol had been encountered, and five Argentines shot, on Wednesday, and said that consolidation of forces and supplies had continued on Tuesday and Wednesday. There were no reports of action yesterday.

While Ministers would clearly like to see Port Stanley captured — or the Argentine garrison there surrender — as early as possible, it was being

## QE2 brings survivors home to a hero's welcome

BY STEPHANIE GRAY

THE FACE of Commander David Hart-Dyke, captain of HMS Coventry, looked like "a black bubbly mass of seaweed" when he boarded the QE2 at Gryttriken, South Georgia.

His dash helmet and some of his clothes had been ripped off along with a layer of skin on his face and hands.

Nearly three weeks later, Captain Hart-Dyke, his face almost completely restored to a baby pink hue, related the valor of his crew as the QE2 steamed up Southampton water. His arrival yesterday amid a flotilla of small, hooting boats and a rousing welcome from 6,000 gathered on the quayside.

Three bombs had struck the Coventry, a Type 42 destroyer, and taken out a large part of the port side. It was listing 50-60 degrees within minutes. The captain, the last person off, "almost walked" down the side of the ship 15 minutes later. He jumped two feet into the water and swam to a life raft which was promptly trapped beneath the ship.

He was winched by helicopter to safety on the nearby destroyer Broomhead. One of his leading seamen had held a mate in freezing water for one-and-a-half hours.

The Broomhead had not had a chance to fire its Sea Wolf missile. She had also been hit by a bomb, but there were no casualties. Her crew were simultaneously fighting fires, rescuing seamen and pulling them into hot water.

The 640 survivors of the Coventry and the two Type 21 frigates Antelope and Ardent, lined up along the decks yesterday and hooted "welcome" in good unimpaired disarray at the reception.

The troops let out three

## Conservatives consider elevation of long-serving MPs to Lords

BY PETER RIDDELL, POLITICAL EDITOR

CONSERVATIVE PARTY leaders are considering the creation of a number of life peers, from among long-serving back-bench MPs, in a special list this year. Such a move would entail by-elections in the autumn and winter.

Three life peers including Mr Joe Gormley, the former miners' union leader, named in the regular birthday honours list, published today.

No decision has yet been taken on a special list, but there is understood to be pressure from Lady Young, the Leader of the Lords, for the creation of more working peers. She argues that there is a shortage of Government front-bench personnel.

Conservative leaders had been keen until recently to avoid by-elections because of the threat of the SDP/Liberal Alliance. However, after the Tory by-election successes at Beaconsfield and at Mitcham and Morden, they are now confident of holding seats.

A major problem is that the constituencies of several MPs are likely to disappear at the next general election through boundary changes. The MPs affected would be unable to be selected in place of retiring MPs, if the latter had been made peers before the election.

The last special list of working peers was in 1981, at the

request of Mr Michael Foot, the Labour Party leader, who wished to strengthen his party's representation in the Lords.

The life peerage for Mr Gormley in the honours list seems certain to intensify the already strong criticisms of his behaviour from Mr Arthur Scargill, the new president of the National Union of Mine-workers. Mr Gormley has made a part in public life after his retirement.

Sir Raymond Pennock, the former president of the Confederation of British Industry, is also made a life peer. He has regularly urged cuts in interest rates and aid to industry, though he broadly supports Mrs Thatcher's strategy.

The other life peerage is for Miss Elizabeth Carnegie, chairperson of the Manpower Services Commission committee for Scotland.

Leading industrialists are given knightships in the list. They include Mr Peter Green, the chairman of Lloyds; Mr Christopher Laidlaw, the chairman of International Computers; Mr John Mayhew-Sanders, the chairman of John Brown, the engineering group; Mr William Shapland, chairman of Blackwood Hodge, the earth-moving equipment concern; and Mr Alan Smith, the chairman and chief executive of Dawson

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OVERSEAS NEWS

Japanese GNP grows by only 2.7%

BY CHARLES SMITH, FAR EAST EDITOR IN TOKYO

JAPAN'S gross national product grew by 2.7 per cent in fiscal year 1981, compared with 3.7 per cent in 1980, the slowest rate since the immediate aftermath of the first oil crisis, the government said yesterday.

Rather more than half the total growth (1.8 per cent) was provided by the external sector of the economy during the year. But this figure masks a fairly sharp change in the economy's behaviour between the first and second halves of the year.

From April to September last year, the external sector provided more than three quarters of the growth. In the third quarter (October to December), exports made a negative contribution to GNP. In the fourth (January to March) quarter, about 75 per cent of total growth came from the domestic sector.

The very low fiscal 1981 growth figure, which contrasts with an original government forecast for the year of 4.7 per cent, means that the economy has started from a much lower base than was anticipated in fiscal year 1982. The Government's fiscal 1982 forecast of 5.2 per cent is already admitted to be at least 1.5 percentage points too high as a result of this.

Many private forecasters have suggested that a second year of less than 3 per cent growth may well be in prospect.

The very low figures (by Japanese standards) for the behaviour of the economy in fiscal 1981 will result in a serious tax shortfall for the year which is expected to intensify an already serious fiscal dilemma. The exact amount of the tax fall will be announced later this month but it seems almost certain to exceed ¥2,000bn (£2.5bn). This amount will have to be made up by additional issues of deficit covering bonds later this year.

Japan's economy failed to perform according to expectations last fiscal year because domestic demand stubbornly refused to pick up during the first six months of the year and because of a much greater slowdown than expected in exports during the second half. Exports were growing at year-to-year rates of more than 30 per cent at the start of the year but by only 8 per cent during the October-December quarter.

The sharp slowdown reflected the imposition of a "voluntary restraint" on some Japanese export industries (such as cars) combined with sharply declining demand in Western markets.

During the January-March quarter, the GNP grew by 0.8 per cent over the previous quarter's level.

Domestic consumption made a 1 per cent contribution to overall GNP growth. The external sector contributed 0.2 per cent. There were negative contributions from sectors such as private foreign investment and housing.

Reagan jubilant after budget battle win

BY ANATOLE KALETSKY IN WASHINGTON

A JUBILANT President Reagan declared yesterday that the U.S. is back on the road to economic strength after Thursday's "terrible victory" in the conservative Congress in the four-month battle of the budget.

But Democratic Party leaders warned that the toughest decisions still lie ahead for the coalition of Republicans and conservative Democrats which pushed the conservative budget proposals backed by President Reagan through the House of Representatives by a narrow margin.

The House budget, which allows for a \$99.3bn (£56.3bn) deficit, will have to be reconciled over the next two weeks with a somewhat different version, also supported by President Reagan, passed in May by the Senate. The Senate budget contains a \$115.9bn deficit. That should be relatively easy since both budgets are based on the same philosophy.

After a reconciled budget is passed by both chambers of Congress, however, legislation implementing each of the specific tax and spending proposals will still be required. Democratic Party leaders will then make their toughest political attacks. Indeed, they made clear yesterday that despite the majority they nominally control in the House of Representatives, they decided not to block passage of the conservative budget.

The party's strategy now is to allow President Reagan and the Republicans to implement their general programme and to make maximum political capital out of the hardship which the Democrats believe it will cause.

With their eyes on the Congressional elections in November, many Democrats will vote against specific spending cuts and tax increases in order to force the President and his Republican supporters to take full and open responsibility for their measures. Some of the most contentious proposals may lead to the Congress passing spending Bills which break budget ceilings. It will then be left to the President to intervene personally to stop such popular Bills by using his veto.

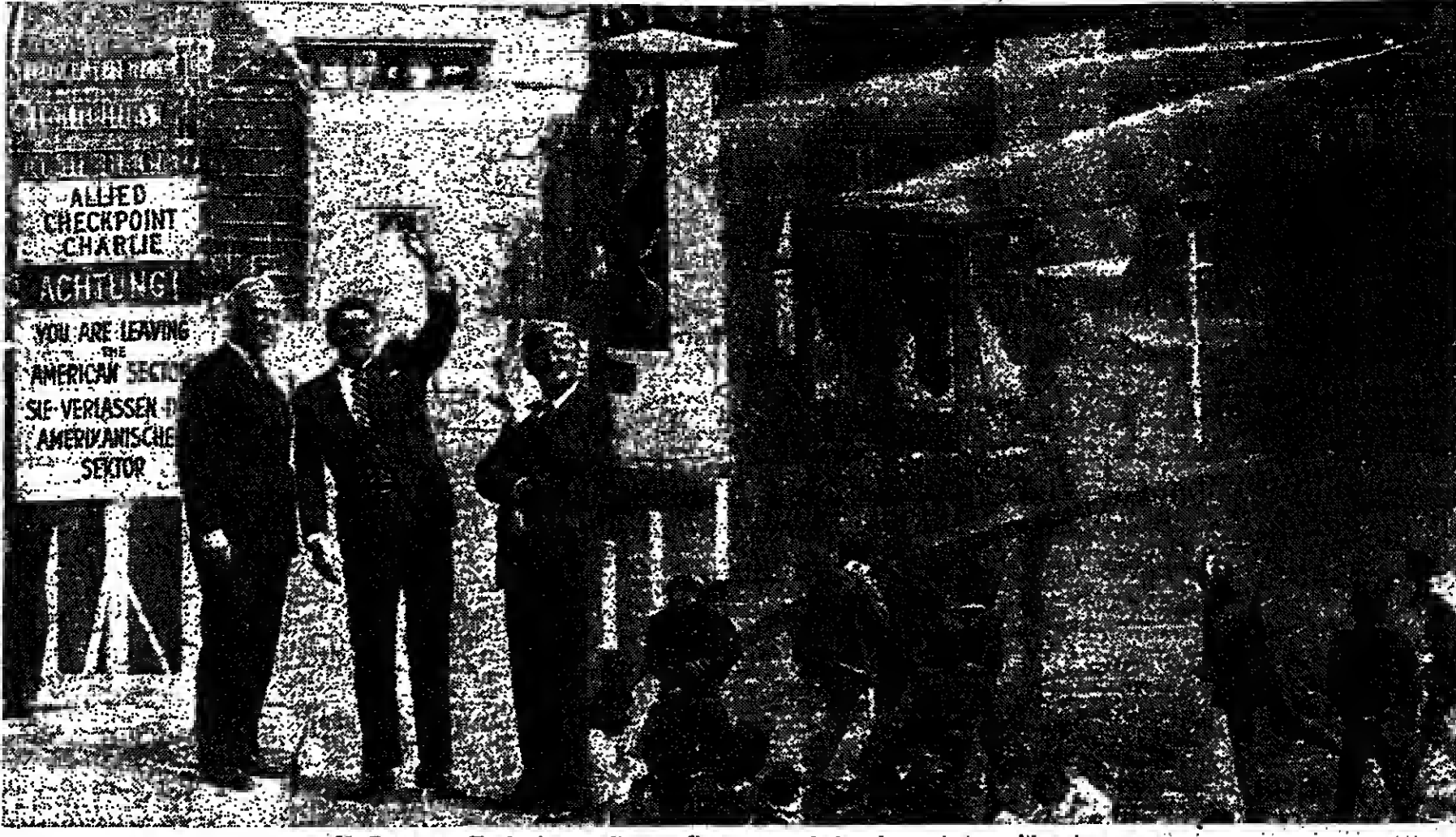
The Democrats hope that even Republicans who voted for the tough budgets in the House and Senate may shrink from going on record against popular proposals just before the November elections. One possible indication of problems to come is a Bill—creating \$3bn of mortgage subsidies in order to revive the housing industry—which passed this week through both chambers of Congress despite Mr Reagan's vehement opposition.

The budget plans adopted by the House and the Senate provide for about \$20bn in new taxes in 1983, but exclude the possibility of tampering with the 10 per cent income tax cut planned for that year by President Reagan. They both permit a 7 per cent real increase in defence spending and include deep cuts in welfare, medical, housing, educational and transport programmes.

They carefully steer clear, however, of any reductions in Social Security pensions. The House budget version also rejects cuts proposed by the Senate in the "medicare" programme for elderly people on middle incomes, cutting deeper into the "medicaid" programme for the very poor instead.

There was no inflation at the wholesale level during May in the U.S., the Labour Department reported yesterday. The zero rate of increase in the department's producer price index during May means that the annualised rate of wholesale inflation so far this year is only 0.4 per cent. For three out of the past four months wholesale prices have either fallen or remained static.

The U.S. President, greeted by demonstrators in Berlin yesterday, faces the same problem at home



Mr Reagan at Checkpoint Charlie as police spray rock throwing protestors with water cannon.

Reagan glimpsed through security cocoon

BY LESLIE COLTIT IN BERLIN

PRESIDENT Ronald Reagan yesterday presented his vision of "genocide" to a selected audience of 20,000 West Berliners at Charlottenburg Palace, who waved American flags and applauded as he quoted the popular Berlin song "Berlin bleibt doch Berlin." (Berlin remains Berlin).

Outside this security cocoon, street battles raged between thousands of radical demonstrators and West Berlin riot police. Mr Reagan witnessed none of the hostilities surrounding him but to many West Berliners, who like to see presidents in the flesh, his isolation left a slightly bitter after taste.

When the late President John F. Kennedy visited Berlin nearly 20 years ago, the streets were

packed with enthusiastic West Berliners chanting "Kennedy while he responded with "Ich bin ein Berliner" from the steps of Rathaus Schöneberg.

Security has grown tighter with each successive visit by successive visits by American presidents and this time it almost entirely excluded the natives. An almost successful attempt on President Reagan's life in Washington along with threats from the West German revolutionary cells and rallies in West Germany and West Berlin against the president's nuclear policies were all to blame.

Yesterday the streets of West Berlin were almost deserted as President Reagan was driven at high speed or helicoptered from

point to point. The overwhelming majority of West Berliners who previously had said they were all in favour of President Reagan's visit remained in their factories, offices and homes and saw the maximum security event on television. Most of the 60,000 West Berliners who had staged a peaceful protest the previous day against the President's nuclear policies also stayed off the streets after the police banned a planned anti-Reagan rally during his visit.

Several thousand young rockers and punks however gathered on Nollensplatz to test the police edict. Riot police surrounded them with a barrier and when some of the young people crossed it they were met with tear gas and water cannon. The battle was joined and paving stones and Molotov cocktails rained down on the police. Cars were overturned and set afire by the rioters as barricades and shop windows were smashed and displays looted.

The demonstrators ran towards West Berlin's main boulevard Kurfürstendamm, smashing store windows on their way. It was a classic Berlin confrontation in which the rioters nearly forgot their original target and aimed their fury at the police. Scores were injured on both sides and some 200 rioters were arrested; in addition to the 80 potential trouble makers from West Germany who had tried to enter the city by car during

New York braced for nuclear protest

By David Lascelles in New York

NEW YORK is bracing itself today for what is expected to be the largest public demonstration in the city's history—a massive anti-nuclear rally. Police are working on the assumption that half a million people will take part and have assigned thousands of extra officers to handle crowds and traffic. All week, demonstrators have been arriving. Many have camped out in sports grounds in the north of the city, others have been put up privately or in churches and synagogues. Although the rally is supposed to be peaceful, some demonstrators say they plan acts of civil disobedience, such as chaining themselves to railings, which could cause disruption.

The demonstration will begin in the mid-town area, proceed past the United Nations building on Dag Hammarskjöld Plaza and then head up town into Central Park where a massive rally is planned to start at 1 pm and last all afternoon.

Speakers will include entertainment celebrities, political figures and leaders of various civil rights and peace movements such as Mrs Coretta Scott King, the widow of Martin Luther King, Mr Bella Abzug, the former representative of New York and Dr Victor Gollancz, the New York labour leader. The demonstration, which has revived memories of the peace movements of the 1960s and 1970s, has been timed to coincide with the month-long conference on nuclear disarmament at the United Nations.

Political leaders from all over the world are addressing the event. West week's speakers include Mrs Margaret Thatcher, President Ronald Reagan and possibly Mr Menachem Begin.

Turkey sets referendum deadline

ANKARA—A national referendum will be held on Turkey's new constitution by November 14 at the latest, the official Anatolia news agency reported yesterday.

Work had already begun on voter registration for the referendum, the agency said, and an estimated 23m Turks eligible to vote would be asked to file their registration in September.

Large portions of Turkey's liberal 1960 constitution were abrogated when five generals ousted the civilian government in a bloodless coup in September 1980. The generals have promised to return power to civilians following free elections scheduled to be held either in the autumn of 1983 or the spring of 1984.

A 160-member consultative assembly has been drafting a new constitution, which is expected to strengthen the executive branch.

This version is expected to be completed by July, when the National Security Council, made up of the generals now ruling Turkey with extraordinary legislative and executive powers, will study the draft and make necessary changes.

If the Turkish voters approve the new constitution, the Consultative Assembly would prepare laws for resumption of political activities.

Europe probes U.S. soda ash 'dumping'

By Sue Cameron

THE European Commission is launching an anti-dumping investigation into imports of soda ash from the U.S., chiefly on behalf of the UK-based Imperial Chemical Industries.

ICI, which has always had total domination of the UK market, reckons it has lost almost 5 per cent of its sales in Britain to cheap, "unfairly priced" imports from the U.S. The group calculates that in some cases the dumping margin is as high as 30 per cent.

This means that after the cost of freight, taxes and duty has been deducted, U.S. material is being sold in the UK at prices 30 per cent lower than those being charged ex-factory in America.

ICI, which employs over 2,000 people in its U.S. soda ash business, believes the position could worsen. Last year, 48,000 tons of soda ash were exported from the U.S. to Britain. But in the first four months of this year alone over 30,000 tons came from the U.S.

U.S. soda ash is now being sold—ex-warehouse—at \$94 a ton in Britain, ICI says. But its own price is £100.50 a ton.

The British group has the capacity to produce 1.5m tons a year. Last year it made only 1m tons—largely because demand was down as a result of the recession.

Bad weather hits Soviet grain

BY JOHN EDWARDS, COMMODITIES EDITOR

THE SOVIET UNION may suffer another poor grain harvest this year as a result of bad weather hitting key growing regions. The U.S. Department of Agriculture, which normally provides the best assessment of Soviet crops with the aid of satellite pictures, has reduced its latest forecast of the harvest this year by 15m tonnes to a lowly 185m tonnes—well below the official target of 237m tonnes.

If this forecast turns out to be true, it could have serious repercussions. It would mean that the Soviet Union has suffered four bad grain harvests in succession, in spite of strenuous efforts to boost agricultural output. No official figure has yet been given for last year's crop and this reluctance to say anything has tended to confirm rumours that output may have fallen much below 170m.

Stocks of grain in the Soviet Union are now at rock bottom levels, in spite of record imports of over 44m tonnes in the 1981-82 season. It was expected that Russia would be able to cut imports this season, if it had a reasonable crop of 200m tonnes or so. But it will now be under increased pressure to conclude a new long-term grain trade deal with the U.S., as well as buying maximum quantities from other suppliers such as Argentina, Australia and Canada.

Extra Soviet demand might help lift grain prices from the present depressed level. However supplies available remain more than adequate, with world grain production still expected to reach a near record 1,639m tonnes this season even after taking into account the reduced Soviet crop.

Pakistan fails to persuade donors

BY DAVID DODWELL

PAKISTAN'S ATTEMPT to persuade aid donor countries to reschedule \$250m of debts which fall due for repayment early next month seemed to have failed yesterday at the end of the annual two day aid to Pakistan consortium meeting.

Pakistan's request for a 3 per cent increase in aid commitments for the year ahead has been fully met, with the 11 consortium members promising between \$1.35-\$1.4bn. But hopes that a larger proportion of these commitments would be in the form of fast-disbursing non-project loans were disappointed.

Mr Ejaz Naik, head of Pakistan's delegation to the consortium meeting held at the bomb-damaged headquarters of the World Bank in Paris, refused yesterday to give up hope that a debt rescheduling could be arranged. He has called for a special donor meeting in September.

But it is known that the Dutch and Canadian Governments are against rescheduling. The U.S. Government, whose backing for a meeting is essential in view of its large aid commitment to Pakistan, ominously refused to take a view.

Aid donors were impressed with the Pakistan Government's tight management of its economy, and agreed the country's economic performance was reasonable "under difficult domestic and international circumstances."

But the failure to win backing for debt relief, coupled with the modest increase in aid commitments, is likely to aggravate Pakistan's already formidable economic problems.

OAU to pull forces out from Chad

By Quentin Peel, Africa Editor

THE Organisation of African Unity (OAU) is to pull its 4,000-man peace-keeping force out of Chad, following the seizure of the country's capital, N'Djamena, by rebel forces.

The announcement was made yesterday by President Daniel arap Moi, of Kenya, the current chairman of the OAU, after Nigeria, Senegal and Zaïre, the three countries contributing to the force, announced their intention to withdraw.

The move is a rebuff for M Hissène Habré, the former Prime Minister who now controls N'Djamena, who had appealed for the OAU troops to remain.

Financing the peace-keeping force has proved beyond the capacity of the OAU, which had appealed to United Nations member states for assistance. However, withdrawal of the peace-keeping force leaves open the possibility of renewed outside intervention, possibly by Libya, in support of the deposed President Goukouni Oueddei—although that is thought by most observers to be unlikely.

Bahamas victory

The Bahamas' Progressive Liberal Party Government of Mr Lynden Pindling scored a decisive victory in Thursday's general election, winning 22 of 33 Assembly seats but taking only 55 per cent of the popular vote, writes Nikki Kelly in Nassau.

Warning to Danes

A rising deficit on the current balance of payments and an outflow of capital from the private sector may make it necessary to tighten Danish monetary policy, Mr Erik Hoffmeyer, the central bank governor, told the annual meeting of the Saving Banks' Association, writes Hilary Barnes in Copenhagen.

Portuguese immigrants

The Portuguese immigrant population of West Germany is 116,000 and not 200,000 as published in an article in the Financial Times on June 3, according to the Portuguese Embassy in London.

Brazilian industry winds down for World Cup

BY ANDREW WHITLEY IN LONDON AND MARGUERITE TARRANT IN SAO PAULO

BRAZIL IS preparing for a national party to end all parties when its football team steps out on to the field for the World Cup in Spain.

For four weeks from tomorrow shops and offices will empty. Industry will virtually grind to a halt and any decision that can possibly be put off will be.

Three times the World Champions, Brazilian national pride was deeply hurt last time around, in 1978, when their arch-rivals Argentina beat them in the final rounds in Buenos Aires. This time 135m fans led by President Joao Figueiredo himself will be urging their team on to revenge.

For weeks, Brazilians have been preparing for their favourite obsession (matched, perhaps, by sex and cachaça, the local sugar cane alcohol). National sales of colour television sets and transistor radios in May were up 11 per cent and 20 per cent respectively on last year's figures. The cachaça distilleries have been working overtime to keep up with demand.

TV rentals are virtually impossible now. RentTV in Sao Paulo, stopped accepting orders a month ago. Colortel has only a handful of small screen models left. "I've lost five kilos running around trying to handle the extra business," complains the Colortel shop assistant.

Rio de Janeiro, always more indolent and pleasure-oriented than Sao Paulo, has gone overboard. In the past few weeks, TV sales and rentals have doubled and tripled; video-cassette rentals at \$130 (£72) a month are going so well it is hard to imagine Brazil is in the throes of its worst recession for 30 years.

On one day this week a shop in the fashionable Copacabana district sold 40 colour television sets at over \$600 a piece, compared with between 10 and 15 on a normal day.

Most of the rentals have been to companies trying to ease the plight of the unfortunate handful of employees who must remain at work when Brazil is playing in Spain. A majority of organisations, however, are

bowing to reality and halting operations.

Banks and the Stock Exchange will close early. State and federal employees will be sent home well in time. Assembly lines around the country will shut down.

How much disruption there will be depends on how well Zico, Brazil's star player, and his team do. At the very least the team must play three first round matches, and few can conceive that it will not go all the way to the final, a total of seven games.

The early games are played at 4pm Brazilian standard time, so work need only halt for the afternoon. The later rounds start earlier in the day and thus nobody expects any work to be done on those occasions. In any case many Brazilians expect to take time off to watch the other matches as they happen.

There are no compulsory holidays and no attempts to force full-time working. But productivity, quality control and safety are all considerations for management over the next month.

The plan at Villares Industries, a large engineering and steel-making group, is typical. A hundred television sets will be installed for a skeleton crew of safety and maintenance workers. Everyone else will be released.

Most companies expect their employees to make up the time in some fashion. At Ford do Brasil, for example, 19,000 workers have been putting in an extra hour daily since June 1, in order to have the afternoons off when Brazil plays.

Demand is generally slack and some plants welcome the chance to shut down. Most others say the production losses will not be significant on a long-term basis.

Volkswagen do Brasil ordinarily turns out 1,300 vehicles a day and during the games production will drop to 500 units a day. But assembly lines will be moving on Saturdays to make up the difference and annual production will not be affected, says the VW spokesman.

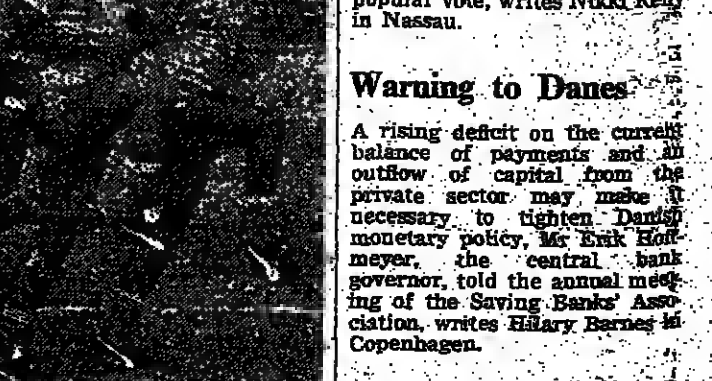
"If we forced the workers to put in normal hours, the quality of production would be badly hurt," a Villares man said. Rio

Tinto Zinc emphasised the danger of accidents if their people were obliged to show up.

Staff at Sulamerica, one of Brazil's biggest insurance groups, are working an extra half-hour during their lunch break so as to be free to watch the games. Souza Cruz, the giant tobacco company and subsidiary of British American Tobacco, will release its employees at 3pm every day.

Retail outlets expect to feel the loss of customers severely. "The World Cup is a tragedy for turnover," acknowledges Sr Marcel Solimene, director of the Sao Paulo Association of Shopkeepers. "The further Brazil goes in the World Cup, the worse it is going to be for the shops. Let's hope Brazil wins, then people will be happier and perhaps sales will improve."

Most shops and shopping centres in Rio de Janeiro are closing their doors while Brazil's heroes take to the field, to re-open later on. Those in Sao Paulo will stay open with a reduced staff. Most shop owners are gamely hoping for the best and would not predict what the



Brazil soccer team practice in Spain

World Cup might cost, in lost sales.

Hotels and restaurants hope to turn the games to their advantage. Clyde's, a popular Sao Paulo eating place, has mounted a large-screen projector TV to draw customers.

The Maktoud Plaza Hotel, Sao Paulo's fanciest, has installed 22 TV sets in a banquet room where 800 guests can eat, drink and enjoy the competition.

The Sao Paulo Hilton is promoting ethnic foods with a football theme: besides Feijoida, the Brazilian national dish of pork and black beans, there will be Chicken Kiev and Beef Stroganov when Brazil meets the Soviet Union; woodcock and devilled beef for the game against Scotland; and spinach, a fish soup with Ocalou, a fish soup with spinach, to honour Cameroon.

The tribulations of the humanised orange Page 17

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OVERSEAS NEWS

As the Middle East ceasefire is announced, FT writers assess differing views

Sound and fury subsides in Lebanon

We were not crushed say PLO

BY STEWART DALBY IN METULLA

THERE are worse places to be confined than Metulla, if you want to reach the Israeli front line inside Lebanon...

Ain Dara, which is some 5 kms south of the main Beirut-Damascus highway just above Ain Zhalta...

On the eastern front, which is the one which seems to have caused most of the trouble for the Israelis, they have reached a point called Gbaze, north of Jubb Jaminine...

head of Mossad, the Israeli secret service. It is not known where he was killed, only that it was in an ambush...

There were thought to have been some 6,000 PLO men in southern Lebanon, but the Israelis admit only to more than 100 prisoners...

By Anthony McDermott in Beirut

Until the very last minute of the ceasefire, and perhaps slightly beyond, Israeli jets were coming over Beirut drawing anti-aircraft fire...

Tehran repeats demand

BY OUR FOREIGN STAFF

IRAN repeated yesterday that Iraq should open its borders to permit the passage of Iranian troops and armour heading for Lebanon...



Rescue workers search for bodies under buildings destroyed by Israeli jets which bombed residential areas in Beirut just a few minutes before the ceasefire with Syria went into effect

Syrians strengthen positions in the mountain passes

BY PATRICK COCKBURN IN JERUSALEM

AS THE Syrian Government agreed to a ceasefire yesterday it was also rapidly strengthening its positions in the mountain pass which links Damascus to the Lebanese border...

and bombing on the border was too intense for them to stay. They were heading for Damascus...

ceasefire unless the Israelis withdraw. In at least one office in Damascus, Syrians cheered the news of their government's condition for a ceasefire...

Plan for summit on Israeli invasion

DOHA, Qatar

Ministers of the 22-member Arab League will meet in Tunis today to prepare for a summit on Israel's invasion of Lebanon...

Egypt alleges U.S. collusion with Israel

By Charles Richards in Cairo

EGYPT'S leading newspaper Al-Ahram said the United States of collusion with Israel over the invasion of Lebanon...

British response pleases Saudi Foreign Minister

BY SIMON HENDERSON

PRINCE Saud al-Faisal, the Saudi Foreign Minister, who flew to London yesterday to continue his lobbying of western leaders for support against the Israeli invasion of Lebanon...

President Ronald Reagan of the U.S. at the Nato summit, and had also talked to Herr Hans Dietrich Genscher, the West German Foreign Minister...

Coffee aid for Tanzania

BRUSSELS—The EEC Commission said it decided to give \$13.5m aid to Tanzania to improve coffee production techniques...

Withdrawal weeks away

ISRAEL will not withdraw from Lebanon until it is sure the Palestine Liberation Organisation (PLO) will not return to its position there and the pull-out is not likely in "a matter of days or weeks"...

On Thursday the Saudi Minister was in Bonn to meet



Mr Francis Pym greets Prince Saud



The Queen Elizabeth II flagship of the Cunard Line, passes the Royal Yacht Britannia in the Solent yesterday as she approached her home port of Southampton. The QEII carried 700 survivors of the Coventry, Antelope and Ardent, three Royal Navy ships lost off the Falklands

Pope makes peace theme of pilgrimage

BY JIMMY BURNS IN BUENOS AIRES

POPE JOHN PAUL II plunged into an exhausting two-day round of activities here yesterday amid great pomp organised by the Argentine Government...

Lami Dozo talks of new democracy Menendez reveals his pessimism

PARIS—Gen. Basilio Lami Dozo, a member of Argentina's ruling junta, said in an interview published yesterday that the conflict in the Falkland Islands has ended the long conflict between the Argentine Government and people...

The following is a transcript of a BBC television news report from Brian Barron — Punta Arenas, Chile:

THE BLEAKLY pessimistic personal views of General Menendez, the Argentine Commander in Port Stanley, have been overheard here on an unscrambled phone link between his HQ at Government House and the high command in Buenos Aires...



UK NEWS

BP Oil to axe 390 jobs by nine closures

BY RAY DARTER, ENERGY EDITOR
BP OIL, the refining and marketing arm of British Petroleum, is to axe 390 jobs by closing nine oil distribution terminals.

The company said it hoped to achieve the job cuts largely through voluntary severance. Enforced redundancies would be kept to a minimum.

The Transport and General Workers' Union and other unions have been told that the move will affect managers, clerks, drivers and operating staff.

Phasing of the proposed closures will be:
• Terminals at Bishopbriggs, near Glasgow, and on Teesside, in January.

• Depots at Purfleet, Essex; Heysham, Lancs; and Stanlow, near Liverpool, in the first three months.

• The Uttoreter depot, near Derby, probably in mid-year.

• Two northern terminals, Sheffield and Turfkey, near Sheffield, in the third quarter.

• The Ipswich terminal, Suffolk, towards the end of the year.

BP Oil recently reported an operating loss of £24m in the January-March quarter on a full current cost accounting basis. Judged against historic costs the operating loss before tax and interest was £38m, compared with a profit of £17m in the first quarter of 1981.

The company, which has an estimated 17 per cent share of the UK oil products market, has been among those worst hit by a sharp decline in demand.

Oil consumption now runs at an annual rate of about 66m tonnes, according to BP, whereas a few years ago demand in 1982 was expected to be nearer 100m tonnes.

Most of the industry's past investment, in refineries and distribution network, has been based on growth forecasts.

BP said yesterday that it believed the market would generally remain at about current levels for the "foreseeable future."

The parent British Petroleum group is to submit an insurance claim for about £13m to cover the cost of an accident during installation of the Magnus Field production platform in the North Sea in April.

The claim will cover recovery operations after the loss of large steel piles during the positioning of the steel platform structure.

The Magnus platform, one of the largest of its type, was insured for £180m during the tow-out and installation. The risks were widely spread within the UK.

Building societies lend record £1.2bn

By Andrew Taylor

BUILDING SOCIETIES lent record £1.2bn last month, while net receipts of societies in May rose to their highest level for 19 months.

Society chiefs decided not to cut the recommended 13 1/2 per cent mortgage rate, despite this week's half percentage point reduction in base rate.

Societies are under little immediate pressure to cut rates, particularly as the banks have not reduced their mortgage rates.

Most of the clearing banks charge 13 1/2 per cent on home loans, though they claim that differing methods of calculating interest payments make bank mortgages fully competitive with those offered by building societies.

Societies did not rule out the possibility of a cut in the mortgage rate next month, but this would depend on the extent of any further reduction in bank interest rates.

Societies will be reluctant to erode their competitive edge by lowering savings rates when they need a high inflow of funds to finance the record level of mortgage lending.

Monthly net receipts of societies have improved significantly in the past two months, and in May rose to £478m, the highest level since October 1980.

May's record £1.2bn was the third month in succession that lending topped £1bn.

Loans promised to borrowers, but not yet made, amounted to £1.7bn last month. Since the end of February societies have committed themselves to lend £4.3bn to borrowers.

Mr Richard Weir, secretary general of the Building Societies Association, said that a high level of lending was expected to continue throughout the summer.

The improvement in net receipts reflected reduced competition from National Savings in recent months.

Building societies' receipts may be under more pressure in June, a month in which investors traditionally withdraw funds before the holiday season is fully under way.

Investment rates, Page 9

'Radical' Jenkins launches campaign for SDP leadership

BY PETER RIDDLE, POLITICAL EDITOR

MR ROY JENKINS yesterday launched his campaign for the Social Democratic Party leadership with an attempt to demonstrate that he is not a centre party man and is as "radical" as Dr David Owen, the other candidate.

Mr Jenkins said in Ayrshire that he wanted the SDP to replace the Labour Party as the alternative to the Conservatives.

"I want to do it in a way that also attracts people who did not support the class-ridden interest group of Labour, even in its better days."

He said he wanted to build "a new radical coalition" reminiscent of the spirit of 1906 and 1945.

Unemployment, industrial democracy, a fair price and incomes policy, and constitutional reform had to be tackled.

The contest was billed originally as a low key concern with no public campaigning, but it now looks like being vigorous, reminiscent of "old politics" so often decided by SDP leaders.

The general assumption at Westminster has been that Mr Jenkins will lead the Alliance as a whole if he becomes SDP leader. However, yesterday Mr David Alton, MP, a leading Liberal said his party would watch with interest the outcome of the SDP leadership election.

He said "many Liberals would want their leader, David Steel, to consider offering himself for the leadership of the Alliance," depending on the outcome of this election.

Mr Alton said the Alliance would need a leader who was both acceptable to the public and both partners.

The clear implication of Mr Alton's remarks is that Mr Steel might be considered by Liberals as a more suitable leader of the Alliance if Dr Owen is elected leader of the SDP, although they would be willing to accept Mr Jenkins.

The full list of the parliamentary supporters of the two candidates for the SDP leadership is now available. Mr Ian Wigglesworth said Mr Jenkins' supporters are: Mr Tom Bradley, Mr Tom Ellis, Mr David Clingham, Mr John Dorcas, Dr Dickson Mackay, Mr Bob McLennan, Mr William Rodgers, Mr John Roper, Mr Neville Sandelson, Mr James Wellbeloved, Mr E. Hudson-Davies, Mr Brian Magee, Mr Jeffrey Thomas and Mr Wigglesworth.

However, there is some dispute about the position of Mr Roper, who is one-party's parliamentary whip and believes he should be impartial. He has made it clear he does not want to be included on lists of supporters.

The backers of Dr Owen are: Mrs Shirley Williams, Mr Christopher Brodiebank-Powell, Mr Ron Brown, Mr John Cartwright, Mr Richard Crawshaw, Mr James Dunn, Mr John Grant, Mr Edward Lyons, Mr Tom McNally, Mr Bob Mitchell, Mr Eric Ogden, and Mr Mike Thomas.

Drug dealers moving into video piracy, warns MP

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

THE GOVERNMENT believes something "must be done" to check the "quite shocking" growth in the private video film trade, Mr Ian Sprouat, Under-Secretary for Trade, told the Commons yesterday.

He promised to look "very closely and very quickly" at the legislation introduced recently in the U.S. to control illegal traffic in video films.

He wanted to see what lessons could be learned.

The U.S. Piracy and Counterfeiting Amendment Act went into effect on May 25. Under its terms, sound recording and motion picture pirates face maximum penalties of five years imprisonment and a fine of \$250,000 (£141,643).

Mr Sprouat was replying to Sir Paul Bryan (Con, Bowden) who said Britain was the world leader in the illicit video trade.

This was now getting "into the hands of gangsters—literally the same people who run the drug rackets."

Video piracy accounted for at least 65 per cent of the total market in Britain—a staggering £100m a year.

Sir Paul, who declared an interest as a Granada Television director, said London and the Home Counties boasted more illegal video duplicating organisations than the whole of America.

The Copyright Protection Society and the British Video Association were becoming desperate at the lack of Government action.

Mr Sprouat was unable to offer much hope of an early or significant change in the law apart from his promise to examine the U.S. legislation.

The Green Paper on the subject last year proposed there should be stiffer fines and that possession of an illegal recording should be an infringement of copyright.

Mr Sprouat said consultations were taking place on the Green Paper but any action would have to await harmonisation of European laws through the EEC.

He held out some hope for a private measure—the Copyright 1956 Amendment Bill—which originated in the Lords but was blocked recently in the Commons.

He promised to take up with Mr William Whitelaw, the Home Secretary, complaints that some police forces had been instructed not to take legal action against video pirates because of the strain on police manpower.

At the amateur end of the illegal trade feature films were recorded on televisions at home and rented to friends.

At the professional end, the "bent" cinema projectionist lent a film to an illegal recording organisation for between £300 and £400.

Mr Sprouat was unable to offer best way of destroying markets," he said.

"The process is now a familiar one. First you fill the streets with your enthusiastic supporters, later you fill the cemeteries with the bodies of your conscript soldiers."

Mr Hurd was winding up a debate on the importance of Britain remaining an EEC member.

He paid tribute to the broad Common Market countries which had given "staunch support" over the Falklands by extending indefinitely sanctions against Argentina.

"They made EEC critics in this country look remarkably foolish. How many of those critics would have been ready to put British jobs at risk if some distant French or German possession had been attacked?"

Curtains for Talk of the Town today

By Lisa Wood

THE TALK of the Town, one of London's most celebrated night-spots, is to close today after a surprise announcement by Bernard Delfont, Trust House Forte.

No details are being given of numbers of redundancies among administrative, maintenance and catering staff at the large theatre-restaurants, although entertainment unions were yesterday calling for an urgent meeting with Lord Delfont, who operates the establishment.

The unions—Equity and The Musicians' Union—claim they have been negotiating about a new production with the managers of the organisation for some time.

The 24-year-old theatre had been due to close temporarily today for major refurbishing—costing "many thousands of pounds."

Lord Delfont has blamed rising costs—changes in patterns of tourism—and VAT for the closure.

Since December, the management has been negotiating a new lease on the listed building, London's West End entertainment industry has been badly hit by the recession.

When the night-spot opened in 1958, entrance cost £1.75. It now costs £21.75 and Lord Delfont said that if the refurbishing had gone ahead entrance prices would have increased to £25-27.

Lord Delfont said: "It has become increasingly clear that general economic trends, and rising costs and the imposition of VAT on the entertainment industry, taken together with changing tourism patterns, have created a situation in which the viability of the operation of such a large theatre-restaurant at prices acceptable to the public cannot be guaranteed in the long term."

Lord Delfont has run The Talk of the Town, in Leicester Square, since taking over the lease of the London Hippodrome in 1958, converting it in partnership with Sir Charles Forte, into a theatre-restaurant seating 750. In its heyday, it attracted stars such as Judy Garland, Sophie Tucker and Sammy Davis Jr.

The boards to be abolished include one of the biggest, the Distributive Industry Training Board. The others are: ceramics; cotton and allied textiles; food, drink and tobacco; furniture and timber; paper and paper products; printing and publishing; training arrangements.

The abolition of eight other boards has already been announced. Seven boards are to be retained on a statutory basis.

Mr Peter Morrison, Employment Minister with responsibility for training, said: "I am pleased with the progress which employer organisations are continuing to make with their alternative training arrangements to replace statutory boards. However, under the legislation, the Government retains the power to reintroduce statutory arrangements if companies withdraw their support after the revocation orders have been made."

THE GOVERNMENT yesterday laid winding-up orders for the remaining eight statutory industrial training boards to be abolished under the reform of training arrangements.

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BSC contingency hopes cut by £95m

By Ian Rodger

THE GOVERNMENT has cut £95m from the contingency margin sought by British Steel Corporation as part of its £82.55 external financing limit.

It is also holding British Steel to its target of breaking even in 1982-83 before interest charges. Recently, the corporation said it might not reach break even until later next spring.

This new squeeze could tip the scales in the corporation's current review of its plant configuration.

Early this week it was reported that British Steel is reconsidering closing one of its main bulk steel producing sites because of the weakness of overseas markets and a sharp influx of imports. A decision is expected within two months.

The decisions on its external financing limit came in a Commons written answer by Mr Patrick Jenkin, Industry Secretary.

He said the corporation's external financing limit this year would be £365m, compared with £768m in 1981-82.

BSC was looking for a total EFL of £461m, of which the contingency margin could be £175m. In March, in view of the uncertainties in international steel markets and particularly the potential impact of U.S. actions against subsidised producers British Steel sought an increase in the contingency margin to £175m.

Mr Jenkin said the new limit "includes a contingency margin well below the £175m requested by BSC. The additional £15m above the provisional EFL will be found from within the Government's contingency reserve and will not increase public expenditure."

When the Government agreed in February 1981 to inject another £880m into British Steel and write off £3.5m from its capital and loans, the corporation set a target of breaking even before interest, in 1982-83.

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# YOUR SAVINGS AND INVESTMENTS-1

## Damage to drains

### FINANCE AND THE FAMILY

BY OUR LEGAL STAFF

Damage has been done to the drains on our property from the roots of a willow tree standing on adjacent land belonging to the council. Can you please advise me whether we have a valid claim against the council to meet the cost of drain repairs and of the removal of the roots from our property. If the drains which have been damaged lie within your property you have a claim against the council in nuisance for the incursion of the tree roots. The same would apply if the drain belongs to you even though it lies outside the curtilage of your land; but it may be much more difficult to prove your ownership of the drain in that case.

### Close company and tax

I am a director of a small family property investment company and pay rent to the company to live in one of its houses, which has a book value of 20 years ago. Could this

### Cost of a rates summons

Recently you were good enough to inform me on a matter of a General Rates Summons (posted to me in my absence) that "Section 109 of the General Rate Act 1967 makes service by ordinary post effective. There is no need to give prior notice of intention to issue a summons."

I enclose a printed form 9 used in possession summonses by me, and the certificate for postal service, wording. If such postal service "did not give adequate advice or notice to the defendant, then the

house be made a gift to us in order that we could sell it to buy a smaller place and give us a little more cash in hand. By doing this would it attract CGT?

Unfortunately it would produce a corporation tax bill for the company and an income tax bill for you, as the company's auditors will be able to explain.

### A will made by the court

I am the foster daughter of a childless elderly lady who was taken into hospital shortly before her husband died. Their family home was in his name and, although I believe a will was made bequeathing the house to me, an extensive search, including contacting the Registry of Wills, has failed to reveal its whereabouts. I am told that, as my foster mother is incapable of managing her affairs, the matter is in the hands of the Official Solicitor, and that the house will probably be sold; the proceeds to be included in the estate of the deceased. She does not wish her home to be sold. Is there any action I could take? Could I be granted letters of administration of the deceased estate? Could my mother make a will? If you do not know the name of the solicitors who drew up the will and you cannot other-

plaintiff may be ordered to pay costs of setting aside the judgment."

In this case, I was away from home for several weeks. The summons lay on the floor through the letter box. After some four weeks, on return, there came a judgment, simply because I was not here to receive any letters or open them. Under the advice you give, under section 109, am I able to apply for the judgment (made in my absence) to be set aside, and claim costs?

### An expensive policy

My husband (aged 28) and I (aged 30), both employed full-time with salaries of £7,200 and £9,500 respectively, have been married two years and so far have not taken out any life insurance or even a mortgage protection plan. All our savings are in building society ordinary accounts. We are just about to move into our second house and expect to get a mortgage of £25,000. The building society want us to take out whole life with profits life assurance. But it looks terribly expensive (about £65 a month after tax relief) and yes only see any benefit if one of you dies! We would prefer to use an insurance plan to save for middle age, just in case we both make it to 65-70! Could you advise what sort of policy we should join?

Also, while my husband is in a university pension plan, my wife provides no pension scheme. Does this mean I should set a self-employed pension scheme and are there any suitable for women who might give up work or go part-time for a period to bring up children?

It would be difficult to think

of worse financial advice than that offered by your building society. Building societies in general have no insurance expertise but a number of them derive substantial revenues from insurance commission and various consumer bodies from time to time publicly criticise certain building societies for the "partial" advice which they give to borrowers.

In your own circumstances your most likely need is a low cost decreasing term assurance policy to cover any outstanding amount due on your mortgage should your husband die before it is paid off. If your husband is paying all the mortgage then you might buy a "life of mother" term policy on his life. If you are each paying for the mortgage then it would be sensible to have two policies. If you die your husband should have a policy on your life to provide your share of the payments.

As your husband is in a university pension plan already it may not be sensible to lock up your savings in a self-employed policy where you cannot touch the money until you retire. Given that you may give up work or go part time to

No legal responsibility can be accepted by the Financial Times for the owners given in these columns. All inquiries will be answered by post as soon as possible.

wise trace it, the inference must be that the testator destroyed it and died intestate. As his widow is not able to take out letters of administration herself, your best course would be to apply to have her made a patient in the Court of Protection so that arrangements can be made for administration of her deceased husband's estate and, if necessary, for a will to be made on her behalf by the court. It would not be wise to arrange for her to make a will except through the Court of Protection.

### An interest in possession

In May 1962 A settled assets on W (wife) for her life with simple reverter to him, to avoid death duty.

August 1971, A DECLARED by DEED while W still lives that he held his revision in trust for their children absolutely.

Will there be any tax when A or W die? On the death of the life tenant (W) capital transfer tax will be payable on the deemed value of the whole of the trust fund as being settled property in which W was entitled to a beneficial interest in possession of the whole; but no charge to capital gains tax would arise.

The form in question is a county court form for use in claiming arrears of rent, and the statements which you note arise out of provisions in the County Courts Act 1959. These do not apply to a summons in the magistrates' court for arrears of rates. If you satisfy the rating authority that you have had no actual notice the authority may in its discretion remit the costs payable to them, which are in any case small; but they need not pay your costs.

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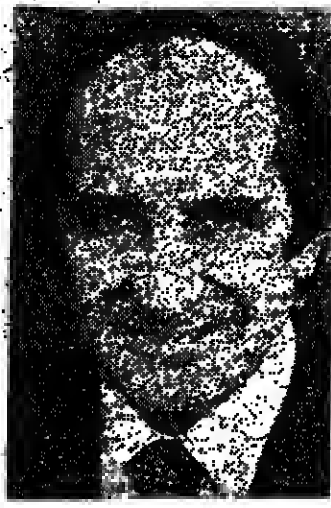
bring up children your priorities should be directed more to building up a cash reserve fund for this earlier period in your life when your expenses will increase and your combined income fall. It may pay to forget about the advantages of tax relief on life assurance and concentrate simply on building up cash either in a building society or say index-linked National Savings Certificates. Insurance salesmen may try to persuade you to the contrary but do not let yourself be persuaded.

Your only worthwhile insurance alternative is to buy larger term assurance policies (not "decreasing" by level annual premiums so that apart from paying off the mortgage there would be some cash for your husband or yourself if either should die leaving the other with young children to bring up. In addition to cash benefits on death you can use low cost term cover to provide what is often referred to as an income benefit.

The insurance company that has for some years consistently offered good rates for term cover is the Phoenix Assurance Company. You should be able to find their local office in your telephone directory.

## Eric Short reports on a new index-linked savings bond

### Alliance in the Granny race



Roy Cox

GRANNY BONDS (officially known as Index-linked National Savings Certificates) have been the Government's principal weapon in the war with banks and building societies for savers' money ever since they first appeared in June 1976. They have given the Government the edge in the competition, since the institutions could not match the index-linked guarantee of Grannies.

Banks and building societies have complained ever since of unfair competition. But quite by chance, this year's Finance Bill restores the balance and enables building societies to offer a Granny-style investment. This week, Alliance Building Society showed how it can be done.

The Alliance Index-Linked Certificate is virtually a carbon copy of the Granny Bond. It is a lump sum investment over a five-year period, with the capital being increased each month in line with the Retail Price Index. The capital can be withdrawn at any time, but like Grannies, index-linking will not apply unless the certificate has been held for at least 12 months.

Also like Grannies, the certificate will receive a bonus at the end of the five-year investment period. Alliance is paying 10 per cent of the original investment against the 4 per cent for Granny Bonds.

The index-linked addition, like Grannies, will be free of all income tax and investment income surcharge. But by some quirk in the legislation, the first year's addition will be subject to capital gains tax when the certificate is eventually encashed. But most investors should be able to offset this liability against their annual CGT exemption.

The bonus is, however, subject to higher rate tax on the usual grossed-up basis, unlike Grannies where the bonus is completely tax free. But a 60 per cent taxpayer will receive a

solely in the 1982 index-linked gilt stock as part of the society's liquidity requirements. Alliance has to match the indexed liabilities and cannot, as yet, offer index-linked mortgages.

So what happens to the interest paid to Alliance on this 1982 index-linked gilt stock? In theory it should be accumulated and paid as a bonus on cash-in, which is what Alliance is doing in principle. But the Society wanted to keep the plan simple and let investors know in advance what they could expect.

The bonus level of 10 per cent is based on current inflation and current yields on the stock. But since the interest on the stock is also index-linked, Alliance will have to subsidise the bonus if inflation rates keep falling, while the investor loses out if inflation rates move upwards. And the investor who cashes-in his certificate before the five-year period is up receives no bonus and thus loses the accumulated interest to date—the only major flaw in the scheme.

Other societies may be able to improve on this position without introducing undue complications. What happens at the end of five years? With Grannies the investor simply leaves his Bond with the bonus to continue to be revalued in line with the RPI. With the Alliance certificate the investor has to take his money, though he can reinvest it in any other Alliance savings plan that is available at the time.

It is by no means certain that the Index-Linked Certificate will be available in five years' time. Alliance has warned at the outset that the amount of issue will be strictly controlled. But it seems prepared to accept at least £100m over the next 12 months.

Anyway, investors can possibly hold their full quota of Grannies as well as this new certificate.

5.7 per cent net bonus, while the investment income surcharge will cut the bonus to 3.5 per cent net.

Comparing the Alliance certificate with Grannies, the basic contract is identical for all practical purposes, while the bonus is higher for all but a top rate taxpayer paying the investment income surcharge.

The maximum investment in the Alliance certificate is £10,000 compared with the £5,000 maximum for Grannies. But the certificate cannot become available until the Finance Bill becomes law. In the event of any major changes to the relevant sections of the Bill, Alliance may have to withdraw or amend its Certificate. But change is most unlikely, at least that is what Alliance is hoping.

Alliance has been able to offer its Index-Linked Certificate because the Government has made index-linked gilts available to all investors and has indexed capital gains tax liabilities.

The money put into these certificates will be invested

## Tyndall Life's new offer

THE LAUNCH of a new unit-linked life company is not news these days. The investing public has seen a spate of such companies appear on the market over the past two years. Many are subsidiaries of traditional life companies, but also a sprinkling of brand new companies.

So normally, the launch by the Tyndall group of Tyndall Life would get no more than a passing mention.

But Tyndall Life deserves a closer investigation because it does appear to offer something different.

First, there are the circumstances surrounding the launch itself. Tyndall has had a life assurance operation since 1965—Tyndall Assurance. This company has around 10,000 unit-linked policyholders and funds of some £60m. But the life operation has been mainly confined to Tyndall's strong unit trust operations, not the marketing of life assurance in its own right. For 17 years of operation £60m is a small figure.

Then, the launch of the life operation is intended to change all this. Tyndall Life is recruiting a strong direct sales team, as well as operating through intermediaries, under the direction of two former Hambro Life personalities—Dan Dane and Derek Jones.

Tyndall Life has also produced a brand new product range, incorporating the latest developments. But it has added two new innovations of its own. On its regular premium contracts, the investor may index-link the premiums. This enables the investor to maintain his savings in line with inflation.

Thus one major defect of regular savings plans is overcome. Normally the premium is fixed in money terms, so the benefits do not keep pace with inflation. Life companies would like to introduce an automatic index-



Deputy chairman Dan Done (left) and managing director Derek Jones

linking of premiums, as with general insurance contracts, but this would break the tax qualification rules.

Tyndall has got round this problem by issuing fresh contracts each year without a medical and without the heavy charges on the main policy.

A more fundamental innovation is the STAR (Stockbroker Active Review Service). Tyndall has the usual switching facilities between funds, though they are more expensive than normal. With other life companies, the investor has to find his own adviser on switching. But Tyndall has a panel of stockbrokers prepared to handle the bond portfolio and switch for the clients.

Tyndall have three stockbrokers at present in the STAR Service, and hopes to have around 20 in due course.

Until now, switching advice has come from the insurance broker, or other intermediary and although some companies are now employing expert investment managers, the

general standard of switching advice has been poor. Tyndall is offering investors a source of professional investment advice, at cost.

A switch costs investors 1 per cent of the amount switched if they do it themselves, or 1 per cent if they use a stockbroker or the STAR panel. Tyndall will pay the stockbroker 1 per cent direct and will be monitoring the performance of members of the panel.

But at the end of the day, unit-linked life assurance depends on the investment performance of the underlying funds and to date Tyndall's record is not exceptional. Many of the new funds will be linked to the old Tyndall trusts. So is this a case of the old mixture in new bottles?

The first sip—the performance since April 1 1982, the inception date of the new funds—indicates some improvement. But more hard evidence is needed that this improvement can be maintained.

Eric Short

# TR Industrial and General Trust PLC

Capital Goods	Consumer Goods	Financials	Oil	Others	Fixed Interest
23.2%	19.5%	30.9%	15.4%	9.0%	1.4%

Distribution of Investments by Sector					
Retail Price Index	302	340	375		
	252.2	284.0	313.4		
	180				
	100	150.6			
	83.6				
	1972	1976	1980	1981	1982

Gross Dividend per Share (Indexed)					
	262	286	286		
	3.93p	4.29p	4.29p		
	100	127			
	1.50p	1.91p			
	1972	1976	1980	1981	1982

F.T.A. All Share Index					
	142	150			
	100	110	142	150	
	217.7	164.6	240.4	309.7	326.6
	1972	1976	1980	1981	1982

Net Assets per Ordinary Share (Indexed)					
	180	175			
	100	95	132	108p	105p
	60p	57p	79p		
	1972	1976	1980	1981	1982

### Total Assets at 31st March 1982: £250 million.

There are signs that the U.K. economy is improving. Companies should be well poised to take advantage of opportunities. However, the world-wide recession means that recovery is unlikely to be rapid.

The U.K. content of the portfolio will be reduced to about 50% and the U.S. and Japan content increased to about 20% each, subject to investment conditions.

A. G. Touche, Chairman



A member of the Touche Remnant Management Group. Total funds under Group management exceed £1,300 million.

The Report and Accounts can be obtained from TR Industrial & General Trust PLC, Mermaid House, 2 Puddle Dock, London EC4V 3AT.

July 1982 1.50

Secure money

CAN YOU put your hand on your heart and swear you know where all your money is? If you have handed over some of your hard earned cash to an investment adviser to manage on your behalf the chances are the answer is no.

A string of highly publicised collapses in the investment management field last year highlighted the inadequate protection frequently offered to investors. With legislation to increase the security given to investors at least a year away any steps taken by individual investment advisers which make it difficult to embroil clients' funds are to be congratulated.

About a year ago Richard Grenville Financial Management, a small City portfolio management company and investment adviser, initiated discussion with its bankers Lloyds on how to improve the protection the group could offer its customers. The talks led to what the company has dubbed the Central Locking System.

Under this system, the client, Richard Grenville and Lloyds, all sign an investment management agreement. This specifies both the type of investments in which clients' money can be placed and more importantly regulates the procedure for transferring client cash from a bank account into the chosen investment vehicle.

To see how the system works let's assume a customer agrees to hand over £1,000. This sum will then be placed in a client's account at Lloyds Bank. If the client wishes to withdraw cash he or she may do so provided written instructions are provided. No one from Richard Grenville can withdraw the cash.

In due course when Richard Grenville picks an investment which falls within the scope of

the management agreement then the details of the transaction are sent to Lloyds and the bank arranges for funds to be made available. The bank gets a copy of the contract to verify the client's instructions and adjusts its records accordingly. At the end of each quarter Richard Grenville sends its clients an investment report and valuation. A copy of this report is also sent to Lloyds which then endeavours to verify the statement specifying the investments and cash held on behalf of each client. A second report, this time from Lloyds, is then sent to clients.

Richard Grenville's features based on the size of funds under management. They range from £150 to the minimum investment of £15,000 through to £100,000 and 1 per cent per annum on amounts between £100,000 and £250,000. Under the agreement these fees are paid from the client's account. As a further safeguard, dividends, interest and other income from investments will be paid into a separate client account. Lloyds is responsible for checking the correct sum has been paid into this income account.

Of course, setting up this sort of rigorous checking and counter checking does not come cheap. Richard Grenville says it is paying Lloyds a flat sum based on a percentage of funds under management.

From the first week in July the 75 or so Richard Grenville portfolio management clients who have collectively handed over about £4m can sleep soundly at night in the knowledge that their stock market investments are protected down but not up.

Richard Grenville's clients are tucked away in the vaults of Lloyds Bank.

Rosemary Bur

Estrobras - Centrais Elétricas Brasileiras SA

**Chesf**  
Companhia Hidro Elétrica do São Francisco

Bidding Invitation  
DS/GEAPE - 089 thru 014/82  
Simultaneous Prequalification and Bidding

1.0 - COMPANHIA HIDRO ELÉTRICA DO SÃO FRANCISCO - CHESF by means of this Bidding Invitation, makes public to all concerned its decision to open, simultaneously with a Prequalification Process of Manufacturers, an international bidding for the design, manufacture, installation, testing and delivery to the work site of the equipment listed below:

a) - Lot 1 - One thousand, four hundred and fifty six (1456) tons of ACSR Conductor Gradebook 638/MCM

- Lot 2 - Thirty (30) tons of ACSF shield wire 176/S/MCM

- Lot 3 - Dotted

b) - Two hundred and twenty seven (227) tons of 3/8" EHS shield wire

- Fifty (50) tons of 1/2" EHS shield wire

- Twenty eight (28) tons of Counterpoise wire

c) - Hardware for 230kV TL's

d) - One thousand, seven hundred and seventy (1770) tons of 230kV Translators

e) - Fifty seven thousand, three hundred and seventy five (57,375) 230kV TL Insulators.

NOTE: The Bidder may quote for one or more complete Lots of materials of each item above.

2.0 - For payment of the equipment and services referred to in item 1.0 above, CHESF will enter with funds from (SFD) SAUDÍ FUND FOR DEVELOPMENT.

3.0 - The prequalification process for the selection of firms to supply the equipment and services above is limited to Brazilian and/or foreign manufacturers, worldwide located and/or joint venture, which are not disqualified under the regulations of the competent organ of the Arab League or the regulations in force in the Kingdom of Saudi Arabia.

4.0 - CHESF might, at its own discretion, make inspection at the manufacturers plants in order to appraise their capacity to supply the equipment and services object of this Bidding Invitation.

5.0 - The instructions needed to prepare prequalification documents and proposal will be available to the interested firms at the price of US \$4,000.00 (four thousand dollars) at the following address: 60 de June 14, 1982.

COMPANHIA HIDRO ELÉTRICA DO SÃO FRANCISCO  
DIRETORIA DE SUPRIMENTO  
DEPARTAMENTO DE COMPRAS E CONTRATACIONES - DCC  
DIVISÃO DE AQUISIÇÕES ESPECIAIS - GEAPE  
RUA DR. ELPIRIO JORGE DE SOUZA, 333 - BONGI  
TELEFONES (081) 251011 - 2511011 - EXT. 2327  
TELEX (081) 104 1820 - 2145 CHESF  
50000 RECIFE - PERNAMBUCO - BRASIL

6.0 - a) Prequalification documents:  
b) General Bid and  
c) Bid Prices.

7.0 - The envelopes containing sub-items a, b and c of item 1.0 above, will be received until 09:00 a.m., on July 22, 1982, and those containing sub-items d, e and f of same item, will be received until 03:00 p.m., on the same day, when the simultaneous opening of prequalification documents and proposals will take place.

8.0 - The envelopes containing the Bid Prices will be opened first on a date to be announced to the bidders.

9.0 - A Bidder submitting an individual Bid is not entitled to quote through its bidding process in the same bidding process, for each item of the invitation to Bid.

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# YOUR SAVINGS AND INVESTMENTS—2

Paul Taylor reports on the implications of the major banks' decision to cut base lending rates

## More options for savers and borrowers

THE DECISION by the major High Street banks to cut their base lending rates by half a percentage point to 12½ per cent on Tuesday, although widely expected in the wake of falling short-term UK interest rates, presents personal savers and borrowers with a new range of options.

At the same time the banks cut their seven-day notice deposit account rates by either three-quarters of a percentage point or half a percentage point to 9½ per cent and Midland, Lloyds and Barclays have cut the interest rates charged to their Access and Barclaycard customers.

The cut in base rates, the first since March 1 and the seventh since base rates stood at 16 per cent last October, will be welcomed by personal bank customers with overdrafts but was not large enough to prompt a reduction in either bank or building society mortgage rates. The reduction in savings rates makes the building societies and National Savings accounts seem even more attractive to tax-paying savers.

Four of the High Street banks—Barclays, Lloyds, Coutts and National Westminster—reduced their seven-day notice deposit rate by three-quarters of a percentage point, thus widening the spread between deposit rates and overdraft charges and joining all the other major banks who reduced deposit rates by half a percentage point to 9½ per cent.

This means that the interest on four of the High Street banks' accounts is worth 8.65 per cent to basic-rate taxpayers compared with the 8.75 per cent tax-paid available on most building society ordinary share accounts, equivalent to 12.5 per cent gross.

Higher returns are available on some of the banks' variable interest rate, investment and fixed interest rate investment accounts. For example, Barclays' one month deposit investment accounts pay 11½ per cent before tax and the bank's three and six month accounts pay 11 per cent before tax, equivalent to 8.25 per cent and 8.05 per cent tax-paid respectively.

However, for taxpayers even these rates look poor against the higher after tax returns available elsewhere, for example on building society longer term accounts, the 8.92 per cent available on National Savings Certificates and the yields available on gilts.

The other side effect of the reduction in bank deposit rates is that customers whose current account balances fall below the limit for free banking at banks receive the national interest allowances against charges is linked to the base rate will end up either paying charges for the first time, or paying higher charges.

This will particularly hit customers of Lloyds and National Westminster, although National Westminster has a free banking limit of £50, half that of the other major banks.

Customers with hybrid interest-bearing current accounts such as those operated by the Royal Bank of Scotland and First Co-operative Finance will also lose out.

For example the national interest rate on the Co-op's pioneering Cheque and Save account is being reduced by 1 percentage point to 9 per cent. On the other side of the coin personal banking customers who run up overdrafts will be paying less. The base rate cut means that overdraft rates for personal borrowers should come down to between 15½ per cent and 17½ per cent.

Midland Bank's decision to cut interest rates to its own Access card holders from 2.5 per cent a month to 2 per cent a month on June 17—a move to be matched by Barclays and Lloyds on its Access cards from July 1 but not yet followed by the other banks in the Access scheme—is also good news for credit card holders who operate their accounts as an additional source of borrowing.

The reduction means that the annual percentage rate on Midland and Lloyds Access cards has come down from 30.6 per cent to 26.6 per cent. Barclaycard calculates that, after allowing for minimum monthly payments and other factors, the annual rate of charge has been reduced to 26.8 per cent when goods and services are purchased and about 27.2 per cent on cash advances.

More significant, someone buying goods worth £100 on either a Barclaycard or Midland and Lloyds Access cards and paying back the amount in full over three months will pay a real interest rate of 16.8 per cent. If payments are spread over six months the true interest rate will be 21.6 per cent.

Access customers who have cards issued by the other Access partners who include National Westminster and Williams and Glyn's banks will have to wait until next week to find out whether their card interest payments are to be reduced although it is generally expected that the other Access cards will be forced to follow if only for competitive reasons.

Perhaps the most disappointing aspect of the base rate cut for bank and building society borrowers, is that mortgage rates will not be coming down—at least for the moment.

The banks argue that their mortgage rates had moved down ahead of the base rate cut. Currently most banks charge 13½ per cent which they claim is roughly equivalent to building society home loan rates because of differences in the method of calculation.

They might have been forced to reconsider this attitude had the building societies chopped their rates yesterday but the building societies consider the base rate cut insufficient to trigger a response.

The widening of the margins between bank and building society savings rates is likely to further boost building societies net receipts which have recently been very high. However, mortgage lending has been high too, and the building societies are expected to wait before deciding on any rate reductions.

Mr Terry Mayer, marketing manager of Maccata Metals, says that the ordinary 180-day option on gold would cost about \$30 on a \$225 striking price. "If gold went down to \$250 and back to \$325 in the next six months, the ordinary option would be worthless," says Mr Mayer.

The lookback option, which would cost about \$60 under similar conditions, would allow the investor to buy gold at \$250 and thus realise a \$15 profit on his \$60 investment, or a return of 25 per cent.

Of course, if the market holds steady or just drops, the lookback option is a bust. But there is another important feature of the option.

"From an ego point of view," says Mr Mayer, "it is certainly a major attraction to be able to tell others that you bought gold last month at the bottom of the market. The brokers do feel that this is the more attractive part of the option."

The Maccata executives on both sides of the Atlantic hope that the lookback option will help to widen the understanding and interest in this still somewhat esoteric area of financial dealings.

"Most people don't understand options," says Mr Mayer. "We may build a better mousetrap, but if the buyer doesn't understand it, he won't beat a path to your door."

Mr Mark Suter, of Moccata and Midland, a sister company of Moccata Metals, says that the option will be lauded in Europe in the next two or three months. Calling it a "sexy deal," Mr Suter is hoping that it will appeal to customers who haven't bought an option before.

"Options have been around the City for years," says Mr Mayer, "but they still only account for 3 per cent of the volume of financial transactions."

In any event, an option which offers the chance to buy at the bottom or sell at the top—even if that produces nothing but a loss—should at least provide a few welcome dividends at cocktail parties.

Carla Rapoport

	Nil	30%	45%	60%
<b>BANKS</b>				
7 Day deposit	9.5	6.45	5.225	3.8
NatWest Investment Account				
3 months	12.5	8.75	6.875	5.0
6 months	13.0	9.1	7.15	5.2
Lloyds Option Deposits				
2 years	11.5	8.05	6.325	4.6
5 years	12.5	8.75	6.875	5.0
<b>BUILDING SOCIETIES</b>				
Ordinary share rate	8.75	8.75	6.875	5.0
1 month notice	9.75	9.75	7.66	5.57
3/5 year term shares	10.75	10.75	8.45	6.14
<b>NATIONAL SAVINGS</b>				
Investment Account	13.0	9.1	7.15	5.2
<b>MONEY FUNDS</b>				
Sinco Cal*	12.33	8.63	6.78	4.93
Tyndall Demand*	12.67	8.87	6.97	5.07
<b>Fixed Rates</b>				
Barclays Investment Accounts				
1 month	11.75	8.225	6.46	4.7
Three and six months	11.5	8.05	6.325	4.6
<b>NATIONAL SAVINGS</b>				
5-year Certificates (24th issue)	8.92	8.92	8.92	8.92
<b>GILTS (net redemption yields)</b>				
Treasury 3% 1984	9.5	8.55	8.02	7.49
Exchange 1% (A) 1987*	12.52	9.11	7.01	4.92
Exchange 14% 1984*	13.03	8.76	6.62	4.49
* Thursday's figures.				

Barclays' investment accounts are also affected by the base rate cut. The one month rate falls from 11.75 per cent to 11.5 per cent, and the three and six month rates from 11.5 per cent to 11.5 per cent.

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## Buying bullion

DREAMS DON'T often go on sale in the City, but a most seductive dream will soon be stapled with a price tag and put on the market. Moccata Metals, the U.S. bullion dealers, will be the purveyor of this new product, which they have called the lookback option.

The six-month lookback option, available for gold, silver or platinum, will simply guarantee that the purchaser can buy the selected commodity at its lowest price over a six-month period, or sell at the highest price.

To buy at the bottom of the market and sell at the top is of course, the ultimate fantasy of every investor, one for which even the most scrupulous investor might be tempted to sell his mother.

Moccata will soon be offering this service, in a somewhat modified form, and is quite excited about its potential. But like any fantasy translated into pounds and pence, the lookback option commands a steep price.

The option was born in New York, where Moccata Metals is based. It has been in operation there for about six weeks and has already attracted a couple of hundred plungers. Obviously, the first question from any investor is whether the option's hefty price tag cancels out any chance of a profit.

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## How to act when interest rates fall

INVESTORS over the past decade have become accustomed to high levels of interest rates. That situation could eventually be changing and investors will have to relearn the rules of what to do when interest rates are falling, rather than what to do when they are rising.

This may be uncomfortable for many investors. With rising interest rates, delay is the name of the game in considering fixed interest investments. Often investors found they benefited, not by a deliberate decision to wait, but because they could not make up their minds.

With falling interest rates, investors do not have the luxury of time in which to make up their minds. They have to decide quickly whether or not to invest in which type of investment to make.

This is certainly the case now regarding Guaranteed Income Bonds and annuities. These investments offer fixed rates of return so lock extremely attractive in the face of falling interest rates. It is a good thing to have bought a bond yielding 11 per cent, if for the next few years interest rates are going to stay in single figures.

Life companies base their yields and annuity rates on current interest rates. Their reaction time to interest rate changes, however, can vary from a few days to a few weeks. But some life companies have cut their rates in the past couple of weeks and their are signs of a general rate cutting campaign.

Guaranteed Income Bonds have been steady sellers for the past decade now, even though since last September, life companies have not been able to use life insurance premium relief to boost the yields. GIBs are most popular with elderly investors around age 60.

These investors prefer to use a long established life company, simply for the security implied by tradition.

Thus at a time when life companies are pulling out of the GIB market, they will be interested to hear of one coming into the market today—English Insurance Company.

English is now one of the two life companies within the General Accident Group. It is embarking on an expansion phase, with the GIB as its first move. As the table shows, its rates are the best in the market. But the bonds are only available for a limited period, direct from the company or from any GA branch.

The anticipated fall in annuity rates is of concern to those elderly investors thinking of using some capital to boost their income. A delay of a few weeks may mean a lower return from their capital. Annuity rates are fixed at the time of purchase.

This problem applies very much to the self-employed, who can take the cash equivalent from their pension contract and buy an annuity on the open market. In theory, a fall in interest rates means a rise in cash value, compensating for the annuity drop. In practice, while linked contracts adjust immediately, with profits bonuses change once a year.

Eric Short

## Lloyds yields

LLOYDS BANK has bowed to pressure from its customers and plans to reintroduce a chequebook with stubs. In February the bank introduced a new slimline chequebook without counterfoils. Customers wishing to keep a tally of their spending had to fill in the number of the cheque and the amount and the payee in the four pages provided for this purpose at the beginning of the chequebook.

At first Lloyds refused to budge on the issue. Despite a small but vociferous minority of complaints from customers who either wished to have chequebooks with counterfoils or those who felt the layout of the new trimline chequebook could be improved, the bank stuck staunchly to its new product.

Customers who wrote to Lloyds complaining were told in no uncertain terms during April that the bank "is unlikely to revert to the old stubbed type or indeed offer our customers choice." The reason for this stance was "a considerable cost saving which would be reversed if a dual system of cheque books were to be issued."

Nor was the bank favourably disposed to the argument that without counterfoils customers found it difficult to keep a record of the balance in their account in their cheque books. In a letter to one customer

Lloyds says "we consider the practice of recording balances in cheque books to be undesirable as in the event of loss or theft this could provide a thief with valuable information."

What about the smaller cheque books being more convenient for customers? Replying to one customer, Lloyds admits the new cheque books "may not now be as convenient for fitting hip pockets of trousers" and that "the new shortened format... makes it difficult to fold them and thus fit a folding type of wallet which we used to issue with the old type of cheque books."

From the bank's point of view that's no great hardship as it says "we would prefer that cheques are kept flat, so that when they are fed through the automated sorting machinery there is less likelihood of it jamming."

The battle lines had clearly been drawn up. About one month later, Lloyds had changed its mind. Lloyds' customers should be able to get cheque books with stubs early next month. The bank is putting a brave face on its climb-down saying "we still hope to make the new cheque book the basic one."

What is more the bank has taken on board some of the public's criticisms of the existing record sheet in the stubless chequebook and this will be revamped in due course.

All of this goes to show that if customers complain loud and long enough they can get better services. So if, for example, you think banking hours are inconvenient don't just moan about them but write to your bank manager. Now that Barclays has decided to experiment with Saturday opening the other clearers are sensitive to public opinion on this subject.

Rosemary Burr

## Humane managers

VIEWS FROM the inside of any profession are almost always illuminating—and quite often entertaining, too.

"How to Manage Your Bank Manager," a recently published book by ex-bank manager John Duncan fits this description and among other insights gives the reader an idea of how he or she might be viewed from the managerial chair.

If Duncan is anything to go by, bank managers are more human than some people might suppose. During his years with one of the big four clearers he classified customers by reference to a "pain scale"—those who caused him problems, those that were trouble-free and those that fell in between.

Factors that scored "pain points" included constant unauthorised overdrafts, demands for interview without an appointment, complaints over account charges of £1 or less, lack of control of financial affairs, general timewasting and dishonesty. He lists 10 categories altogether and then "unabashed" as he puts it, slots us all into categories according to our profession.

Teachers, servicers (officers only) and journalists come top of his hit list, for example, scoring 8 out of 10, though doubtless he intended to exclude financial journalists from this terrible slur. Among those three cate-

gories teachers are the only ones to get a black mark for regular dishonesty—an observation which members of that profession will not find any less flattering knowing that stockbrokers—who overall have a better record with 3 out of 10—are the only other people so categorised.

Insurance brokers, PR and advertising executives and antique dealers score five pain points, with builders and decorators, salesmen, farmers, servicemen (NCOs) and Secretaries with four.

Nurses, clergyman and firemen generally gave Duncan least bother with only one mark (the clergyman's only sin is to take "constant unauthorised overdrafts") but nobody is absolutely perfect.

Besides these irrelevant observations—and there are plenty of them—there are some tips and explanations for the individual bank customer. Looking ahead Duncan says, "Soon you will be able to sit at home in front of your TV and sort out your finances literally at the touch of a button."

The book is made for a Christmas stocking—but it is also slim enough to fit into a pair of summer socks.

David and Charles, 80 pages. Price £3.95p.

Tim Dickson

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BOOKS

Aubrey observes

BY A. L. ROWSE

John Aubrey's Monumenta Britannica: A Miscellany of British Antiquities

Of all our 17th century characters—we have a splendid portrait gallery of them—John Aubrey is the most delightful.

William Pryme, who did so much to bring it on: "He was of a strange Saturnine complexion. Sir Christopher Wren said once that he had the countenance of a witch."

a great walker — walking up Silbury Hill.

Charles—who was a founder of the Royal Society, with Aubrey one of its original Fellows—encouraged him to compile this great work covering all the antiquities of Britain.

Only after 300 years are we privileged and duty grateful to have it. Two amateurs, in the best sense of the word—lovers of the work and of John Aubrey—have combined to produce it from the original manuscript, one of the treasures of the Bodleian Library at Oxford.

He lived through the Civil War. Look at what the Czech artist Wenceslas Hollar told him: "When he first came into England—which was a serene time of peace—the people both poor and rich did look cheerfully. But at his return he found the countenances of the people all changed—melancholy, spiteful, as if bewitched."

Aubrey's keen eye was not only for people but everything interesting: localities, topography, barrows, hill-forts, peniches, urns, coins, antiquities of every kind.

But this new work—dug up from the mass of his unpublished manuscripts—brings back the authentic literary favour no other than Aubrey's now famous Brief Lives. Here he is on a place, Avon Gorge: "It is a most romantic place, both from below as well as above, from whence you may see the reflection of the rocks and bosage in the water; and tall ships sailing a great way beneath you, and by reflection in the water, topsy-turvy with their keels upwards. A bold orator than I am would say that he did see there through to the Antipodes." Who but Aubrey would put it like that?

Peacemaker Rasputin

BY JAMES FRENCH

The Life and Times of Grigori Rasputin

Two stimulating strands of thought are argued by Mr de Jonge. Rasputin fought for and argued hard for peace (at the expense of being snubbed pre-Germany in World War I) and to save lives in battle.

Then there is the fascinating proposal, probably not original, that the assassination of this barely literate peasant exponent of faith healing, by Prince Felix Yusupov in a ham-handed aristocratic conspiracy, ensured the October Revolution.

It would be difficult for a reasonably erudite author to write a bad book about such an evilly fascinating subject as Rasputin, and Mr de Jonge contributes some interesting ideas.

BRIDGE

E. P. C. COTTER

MY TWO example hands today come from Hugh Kelsey's latest book, The Needle Match (Faber £7.50), which follows the pattern of two previous books in presenting you with the hands of a teams-of-four match.

With North-South vulnerable, South dealt and bid one diamond, West overcalled with one spade, and North doubled.

West leads the heart ten, you play dummy's Knave, but East covers with the Queen, and you let him hold the trick, but you take the return of the five with your Ace.

We will start with defence against a slam contract:

You are West and cash the Ace of spades, on which your partner plays the five—how should you continue? Declarer is marked with a singleton spade, and his shape is probably 4-1-5-3. He has, therefore, ten top tricks, and a spade ruff in hand will give him eleven.

Both sides are vulnerable when South deals and opens the bidding with two no trumps, North raises to three no trumps, and all pass.

Some successes for Britain

CHESS

LEONARD BARDEN

A MEASURE of Britain's enhanced status in international chess is that even first prizes in major tournaments can pass without special comment.

White: Murray Chandler (England/New Zealand). Black: Amador Rodriguez (Cuba). Ray Lopez (Minsk 1952).

White: Vladimir Liberson (Israel). Black: Michael Stean (England). Ray Lopez (Beersheva 1952).

20... Q-K2. Stean's choice looks more natural, bringing Black's second rook into action.

One of Chandler's wins at Minsk illustrated a little-known but effective strategy in the Ray Lopez, the most popular white opening on the chess-board.

Stean was Viktor Korchnoi's chief aide in the last two world title campaigns, and given his knowledge of Korchnoi's favourite openings it was rash of his opponent in the game below to follow a Karpov v Korchnoi precedent.

White mates in three moves, against any defence (by N. Konig, Main-Post 1953).

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Stravinsky in Venice in 1934. This photograph by Vera Stravinsky comes from 'Igor and Vera Stravinsky: A Photograph Album 1921-1974' (Thames & Hudson £10.00), published to mark the centenary of the composer's birth yesterday

Lorenzo again

BY PETER KEATING

The Letters of D. H. Lawrence: Volume 2, 1913-1916

because everything is so strange and I feel as if I'd just come out of the shell and hadn't got any feathers to protect me from the weather."

One flesh?

BY RACHEL BILLINGTON

Life After Marriage: Scenes from Divorce

In England now, one in three marriages end in divorce. Statistics like these are easy to come by, shocking to some, meaningless to some; to others positively good news.

granddaughter. A young poet, he was, it appears, at least as much in love with the image of sexual freedom which the new woman brought to the world as with the reality of Lawrence's step-granddaughter.

Not that this is a book with a thesis. Mr Alvarez is at pains to point out that he is asking questions, not "providing answers." "People interest me," he says in the preface, "more than theories."

divorce naturally questions the limits of freedom within a social structure which—also fairly naturally—leads Alvarez to Sweden. Earlier, he pauses for the pictures of the modern Englishman in a marriage, so important to him, so passionless, that he can scarcely find the energy to talk about it.

Flowering aunts

BY ISABEL QUIGLY

Boychester's Bugle

December Flower

Bed Bugs

Little, Big

eying her neighbours. One opens his "slim, sinister briefcase to extract a disembowelling knife." Instead he finds the "financial Times and extracts that 'Another is 'hiding the lascivious thoughts he was arranging around her person.'"

As unloved babies are said to droop, never to develop vehemence and curiosity and the other energy-consuming attributes of the living, so the neglected old cared for in lowly silence—may slide into premature nothingness.

Alan Franks's Boychester is an outside figure, four stone overweight, editor of a north London newspaper called the Bugle, about to be overtaken by the new technology of newspaper production.

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Less ambitious and more finished is Judy Allen's December Flower, the first adult novel by children's writer. (First sentences of novels deserve a close look.

Battling to the stars

BY BRIAN AGER

Per Ardua ad Astra

When the Royal Air Force is not engaged in war, fighting does not stop. Like all the armed services it spends its peacetime battling with politicians and public opinion to ensure that it is ready for the next round.

standards of living... and ends with words which could have been prophetic of the Falklands except that the colleague Michael Domey was almost certainly looking eastwards rather than south.



# HOW TO SPEND IT

by Lucia van der Post

## Browning versions

THE acquiring of the ritual tan seems to be a mandatory part of most people's summer part of the ancient rite to which most of us subscribe. Turn up at our annual summer tribal gatherings looking (to borrow the vivid words of one observer of the American scene) "white, plump and oven-ready" and all but the most socially confident feel ill at ease.

Hand in hand with the modern passion for a suntan, however, has come scientific knowledge which tells us increasingly that endless sizzling in the sun can do untold damage. At its worst it can cause skin cancer but probably more worrying for most of us is the fact that it undoubtedly ages the skin cells. You may look golden at 25 but you'll probably be paying for it at 40.

However, this doesn't mean that you have to stay slug-white all summer long. If you look around you will see that many people clearly past the first blush of youth seem to be sporting a just-back-from-the-south glow. Some have done it the hard way—using careful sun screens and exposing themselves gradually to a little more sun each day—but others are taking increasingly to the artificial ways of browning.

The easiest, quickest and cheapest way to take a tan is to apply one of the many fake tan creams on the market. They all contain a chemical known as DHA which aficionados will know has a rather distinct, slightly pungent smell which can be a disadvantage—I tried it out the day I was going to a rather grand dinner and rather regretted my lack of forward planning.

You can use fake tanning creams yourself at home but it isn't always easy to get a very realistic effect. Great care needs to be taken, particularly with areas like heels, elbows and knees, under-arms and the like, but it can be done. Much simpler and really very cheap is to go to one of the professionals who will apply it with great care, making sure that the skin is well-moisturised at the same time.

I tried Violet Adair at Galatea's, 1C Palace Gate, London W8. Her salon is below the Galatea's hairdressing salon and is very comfortable with facilities for all sorts of other treatments and the UVAsun tanning method as well.

It cost £8.05, took half-an-hour and apart from the slight odour, which you can wash off after about eight hours, it seemed to have no disadvantages.

By the morning I was brown, could have worn any low-cut evening dress (apparently many women come to have this treatment with summer evening dresses in mind) and only a slight yellow around the heels made it seem any different from the real thing. However, Violet Adair points out that the creaming method is ideal for quick, short-lived results—it doesn't really last much longer than a week, if you're going straight off on a



summer holiday it does give you some protection against the rays of the sun itself. You can then go out into the sun with a cream with a middling sun protection factor and know that you will brown safely.

The other way of acquiring a tan without going in the sun is by using one of the many salons offering UVA sunbeds. These work on the principle that they screen out the harmful burning rays but produce long-wave non-burning rays which, after several uses, will trigger off the skin's melanin producing cells (which make the tan).

Incidentally, if you want to look up salons in your own area offering these sun-beds, it is as well to know that there is now an Association of Sun Tanning Operators which has been organised by

some practitioners to try and enforce a strict code of practice to make sure clients are safe from accidents.

Besides keeping members informed of up-to-date medical research and all the latest developments the Association will also train members in the correct use of the equipment, so it is probably worth checking whether or not an operator is a member.

Another member of this office, Feona McEwan, tried the UVA sunbed at Brownies, 32 Fouberts Place, London W1. She is Scottish, has skin that she says never tans at all, and was thrilled at the chance of seeing whether or not Brownies could do anything for her.

Brownies uses stripped tubes radiating UVA rays and said that because she had the fairest skin type of all she would need six sessions (first one 30 mins and later ones 45 mins) in order to begin to look as well as best in the sun. She found that she had to "lie like a slab of beef, topside and backbone to the tubes of UVA rays, turning over from time to time to avoid stress points." She found the device a trifle claustrophobic at first (a transparent roof, unique to Brownies, is lowered over the body) but after three sessions she had mild bikini marks and was told by her friends that she was "looking well."

After the fourth session she threw away her ammonia bottle and she now fully intends to go once or twice a week until her American summer holiday. By then her skin will be broken in and she will be able to go on tanning in the sun itself providing she uses a lower sun protection factor cream than would ever have been possible before. She experienced no burning sensations at all and feels it is the answer to the hitherto insoluble problem of how to look halfway healthy on a beach. At £3.50 a session, it isn't cheap but it is the nearest thing to a real, lasting tan.

Our third guinea pig, Lucinda Wetherall, tried the UVA sunbed at Images of 19 Peddington Street, London W1. Though blonde, Lucinda's skin is much less sensitive than Feona's and she found that after three sessions on the sunbed she had a distinct tan, without going through what she describes as her normal "beetroot phase." The sunbeds at Images work on a high pressure mercury vapour system (others are usually low pressure which means the tanning takes longer) and are exceedingly expensive to buy which is why the sessions at Images cost £12.50 per half hour.

Many of Images' clients come for a course of about four sessions at the beginning of the summer and then come fortnightly for top-ups. Lucinda found it a lovely way of going brown because it was gentle, gradual and now leaves her with a skin already partially protected against the harmful rays of the sun itself.

SUMMER in England is like no other summer. It is swamps and the lay-bys filling up with picnickers, it is tar on the bathing costume and hasty dashes from beach to car. It is Emp lettuce leaves and flaccid sandwiches, it is anxious scannings of the sky and Crispene dresses and white cardigans.

But sometimes, just sometimes, summer in England is also days with friends in rose-filled gardens, it is the music at Glyndebourne and sunny days to poppy fields, it is the sound of tennis balls at Wimbledon and the splash of oars at Henley. Above all it is the touching optimism that this year, oh yes, this year it will all be different.

Some years, indeed, it was all different. Nobody can forget the summer of '76—the year the pubs ran dry, when the trees on the commons died from drought, when sales of swimming pools and leapers of ice-creams and sunbats went through the roof. It was also the year we first began to take to the barbecue. We began to see that there was more to eating out of doors than the occasional Pimm's and strawberries and cream, that barbecuing might become a more regular part of our summer way of life.

The great joy of barbecuing, it seems to me, is that it lends an air of pleasure and spontaneity, a feeling of once festive and informal, to the simplest of meals. It releases the cook from the incarceration of the job usually requires and makes the serving of summer food a relatively trouble-free process. To the fish or meat on the barbecue need be added only some crisp salads, potatoes baked in foil and fresh fruit to follow, though ambitious cooks can always try more complicated recipes.

Interest in barbecuing is increasing yearly, but it is still what the trade calls "a fairly young market." When BBC Radio 4 ran a "phone-in" programme on the subject of barbecues in its Tuesday Call slot this week it was inundated with questions. Most of the questions were of the fairly basic sort like "How to light the barbecue," "How to prevent the fat dripping on to the embers" and "How do I cater for 100 people?"

For those who are complete beginners but want to take the plunge, probably the best bet is to buy one of the basic books of instruction that are on the market. It is always worth noting that almost all good makes of barbecue are sold with very useful, informative leaflets which are well worth taking the trouble to study.

### Homework

One of the best books I know on the subject, Heinz and Geneste Kurth's *Barbecues and the Joy of Cooking on an Open Fire* is out of print but if you can find a copy in your local library, do consult it. It assumes you know nothing and takes you from basics like fuel and improvising a barbecue through to delicious suggestions on what to cook.

James Marks of the Barbecue Association, one of Tuesday Call's invited experts, has also



Photographed above is the Weber 22 1/2 ins Gas Kettle—in black it is £230, in red or chocolate, £240. The great advantage (though to me it seems a bit like cheating) of a gas kettle is that you get all the pleasures of outdoor cooking but have none of the hassle—no bother with lighting, fuel, or cleaning. The gas kettles are self-cleaning—you simply turn the heat up and they clean themselves. There is a charcoal Weber kettle, also 22 1/2 ins at £124.20 in black, or £135.70 in red, chocolate, blue, or green. These are big enough to take a large 20 lb turkey, several chickens or a large rib of beef as well as ancillary things like sausages and/or potatoes

### Lighting up

When it comes to lighting the barbecues (Tuesday Call's most common question was about lighting) David Fortune recommends that you fortify the area you want to use with charcoal briquettes—this will be the number of briquettes you need. You should then stack them up like a pyramid, add fire lighter and light.

The charcoal should be left for at least 20 minutes and it is ready when it is covered with a light layer of grey ash. Never cook while the fire lighters are still alight or a nasty taste of paraffin will permeate the food. When it comes to cleaning, David Fortune says that there is little problem to this, particularly if you take some care with them.

Firstly, don't leave them out in the rain. The cheaper models will rust and then all you can do is rub them down with oil. When cooking, line the bottom with aluminium foil before putting in the charcoal and this will help keep it clean. Once a year he recommends giving a good clean with an oven-cleaner, otherwise just wipe down in between uses.

The Emporium has a small leaflet which it is happy to send to readers in return for a stamped addressed envelope. Write to 141, George Street, Edgware Road, London, W1. The leaflet lists a wide variety of barbecues from simple Hibachis to elaborate kettles and has some useful general hints.

rotisseries. Above all, what you will find there is enthusiasm—you can feel free to ask any question, no matter how basic, and be sure that it will be sympathetically answered. These barbecue enthusiasts are gluttons for punishment.

Before deciding on what kind of barbecue you would like to buy, the most important point to sort out is how often you are likely to use it, followed by what sort of cooking you intend to do on it. If you think you are really going to take to barbecuing you could start

produced an eminently informative book on the subject—called simply *Barbecues*, it is £1.35 and is published by Penguin. James Marks is one of those dedicated enthusiasts for the barbecuing way of life who is so keen to spread the gospel that he will answer and deal with any reader's questions on the subject. Besides giving free advice he also runs Weber Barbecue, one of the best-known names in the barbecue kettle world. The Barbecue Association is at 60 Claremont Road, Surbiton, Surrey (Tel 01-390 2022).

For Londoners, there is now a barbecue specialist shop called The Emporium at 141 George Street, London, W1. The barbecuing side is run by another barbecue enthusiast—David Fortune, and besides selling every kind of device from the simplest Hibachi (still, in my view, one of the best for those who want a small, portable outdoor cooker) to a kettle capable of roasting a joint for up to 40 people, he also sells every conceivable accessory. There are cookbooks and woods to burn, charcoal and herbs, party lights and fire lighters, barbecue tools and

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## Holiday hot tips

GETTING one's hair to stand on end hasn't always been something to strive for, but today's hot favourite hair styles have driven many women to do just that. Anyone who has attempted to tug and tease unwilling locks into those ruffled peaks of posh-pink will know that they don't oblige unaided.

For many the magic ingredient for the do-it-yourself beauty lies in the various mousses now on the market which when rubbed through dry hair and pulled into position gives that desired effect of up-lift and sidethrust to the lushest locks.

We mentioned Michaeljohn's mousse (£4.75 plus 50p p+p) from Michaeljohn, 23a Abbe-marie Street, London W1, and at Harrods of Knightsbridge SW1 here recently. Much cheaper is Boots' Country Born Setting Gel available from its larger branches for 75p which it suggests you apply to your hair then blow dry in position upwards and outwards. When experimenting, the crucial thing is not to be too timid—after all you can always wash it out.



Boots' Country Gel—enough to make your hair stand on end

square three-pin plugs as well as round two-pin ones and earthed appliances as well. This means you can use it for shavers, toothbrushes, curling tongs, hair dryers, travelling irons, radios and all the rest of the gadgets that we now cart around with us. £4.45 from all Woolworth branches.

During August (if you can wait that long) Woolworth will be selling the Krups Turbo 2-speed 240 volts hairdryer for just £2.99 (usual price £5.99). Also from Woolworth is a

drinks dispenser—a pressure-powered model called the Air Pot which holds 1.9 litres of liquid which it keeps either hot or cold all day. You dispense the liquid by pressing the plunger down. Ideal for car or train journeys, picnics or any other outdoor event. £4.99.

How many transparencies do you have lurking in drawers

that you never look at properly? If you're anything like most of us, you probably have lots. Many of us never take out our transparencies and look at them properly simply because it is all much too difficult. Slide and See is a neat, new little product that should help change all that. It is a cleanly designed, simple translucent tray that holds 12 slides firmly in place—in this way they can be stored easily. When you want to look at the slides there is a small viewer, or magnifying unit, which clips on to the tray and moves up and down and across so that all the slides can be properly mulled over. It magnifies five times.

Decided and developed by Robin Clover, it is made in Britain. You can buy the complete box—viewer, frame, lens, slide holder and one slide tray for £5.95. A ring binder to hold the trays costs £2.95 and a pack of three trays is £1.45. Find it in all photographic departments including Boots.



WE'VE HAD the highly scented, brightly coloured, elaborately named products with which to wash, shave and deodorise our skins... but as we learn more about skin care the mood is increasingly among consumers is back to things pure and simple.

Which explains, perhaps, why Simple soap—a relatively diminutive company among the soap giants—is grabbing an increased slice of this competitive market. It's phenomenal," says Simple of its booming sales. And when you consider how understated all the products are—no colour, no smell, functional packaging, minimal advertising—it would seem to be so. Yet those who try the soap (bath size 42p, hand size 25p), the talk 70p; the anti-perspirant roll-on 86p and the Shave Foam 85p keep on coming back for more.



always a collection of second quality or "reject" tableware and though the flaw is usually only very small, it does mean the prices are usually lower, too.

In the picture above is a collection of very Italian looking kitchenware, which is imported exclusively by ICTC, a very British firm. In white, bordered with green

and red, prices range from £3.45 for the salt and pepper shakers. The pizza plate is £4.00, the Insalata bowl, £4.15 and the spaghetti plate, £4.60, available mid-July. These are not seconds but are perfectly good top quality. However, the shop aims to make prices of even top quality goods as competitive as possible.

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COLLECTING

Incomparable Bow

BY JUNE FIELD

The first village we come to is Bow... where a large Manufactory of Porcelain is lately set up...

Unless you can enjoy the delights of Bow without shuddering at the odd chip or crack, then it is not the factory for you...

The original principals behind Bow in 1747 were

Thomas Frye (1710-1762), Irish artist and mezzotint engraver, Edward Heylin (1695-1756), originally a clothier of Bristol...

Mr Freeman, who died in January, built up his remarkable collection over only nine years...

The handsome book is beautifully illustrated, a tour de force of chronologically listed items...

after the porcelain and pottery department at Christie's, has contributed introductory notes to each section...

The detailed story is told in Elizabeth Adams and David Redstone's Bow Porcelain (Faber and Faber £37.50).

Mr Freeman, who died in January, built up his remarkable collection over only nine years...



Mongolian Heads in "Bow Porcelain circa 1741-75" exhibition at Albert Amor, 37 Bury Street, London SW1, until June 24.

George refers to as "something nice and pretty in blue and white" such as a pickle tray, sauce or cream boat, the cost is around £200.

Street, SW1, until 18 June, Monday to Friday 10.30-4.30, Robert Williams has a fascinating exhibition One Hundred Animals and Birds in 18th Century Porcelain...

Good companions in colour

GARDENING

ARTHUR HELLIER

NO SMALL PART of the pleasure in visiting other people's gardens is spotting good associations of plants which can be copied at home.

Another happy combination is pale blue Campanula lactiflora, a beautiful yet strangely interesting associations. In one place it grows with Veratrum album, a rather uncommon plant with broad pinnate leaves...

neglected plant, with carmine Geranium arvense, one of the hardy geraniums I was writing about recently...

Yet not all flowers are short-lived. The osteospermums or daisy-like flowers from South Africa can bloom non-stop from May to October...

There is a great deal to be learned about contrasting flower shapes in this way. At Great Dixter, Northiam, Christopher Lloyd uses sea hollies, mainly Eryngium alpinum which has especially large and intricate metallic blue ruffs...

Some evergreen azaleas are really too strident in colour to be pleasant on their own but a carpet of Spanish bluebells in muted blues and pinks will take them together without causing any new clashes of their own.

Many plant associations that linger in my memory include bostias as one of their ingredients, especially those hostias that display their flowers in such a blue blue Hostia fortunei. I have seen this making soothing colour harmonies with mixed seedlings of Campanula lactiflora, blue, lilac-pink and white and also making a striking yet not aggressive colour contrast with crimson Polygonum amplexicaule atroangueum...



A shrub rose and sea holly

polygons can be used in equally pleasing ways one being to plant Polygonum bistorta splendens, a plant with tiny pink flowers crowded into short spikes on slender stems...

FINANCIAL TIMES

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Advertisement for 'ART 1982' featuring a large graphic of the year '1982' and the text 'THE INTERNATIONAL ART FAIR: 290 GALLERIES WITH MORE THAN 2000 ARTISTS FROM 23 COUNTRIES'.

ART GALLERIES

ALLAN'S London gallery, 178 Brookman Road, SW1, 01-834 7566. Works by Picasso, Pollock, Rothko, etc.

THE NEWS that five of the world's top men will not be at Wimbledon underlines the disturbing fact that the men's game seems to be fragmenting as too many tournaments chase too few star players.

RACING

He may find Music Lover his principal rival out of his depth in Haydock's Gus Denny Memorial Stakes at the end of last month Music Lover had previously made short work of Herper's Bazaar and company when landing Newmarket's Ladbroke Boldboy sprint under 8st 5lbs.

SPORT

Trevor Bailey assesses form for the World Cup England's improved chance

THE WORLD Cup starts in Barcelona tomorrow when the holders defend their title against Belgium in Group Three. There are a total of eight groups each containing four countries and the UK is especially well represented with three teams, Northern Ireland, Scotland and England.

On this occasion, they are unlikely to find themselves in the powerful Group Six which also contains the strongly fancied Brazil and Russia, with New Zealand east as the scandalous lamb. The Scots possess the ability to raise their game for the big occasion. This will be required, if they are to overcome the brilliance of the Brazilians.

Although England were often disappointing in the qualifying stages, it was only nine months ago that Ron Greenwood's team lost 2-1 to part-timers, Norway. They have achieved six successive wins since and were rightly full of confidence when they left for Bilbao on Thursday.

The big improvement shown by England in recent matches has much to do with the appointment of Don Howe as coach. It has led to a noticeable tightening up of their defensive strategy, especially in the covering after an attack has broken down.

The natural affinity with the South American nations combined with the Gibraltar situation, and events in the Falkland Islands, means that the British teams are liable to receive an unfriendly, possibly hostile reception in Spain. This will certainly be a new experience for Northern Ireland, who as regular under-



England's new coach Don Howe

dogs have grown to expect the support of most neutrals. The attraction of the kills and headwear sported by so many fans combined with the style of their team, has also meant that Scotland is usually well received, providing of course, their followers behave themselves.

Adverse barracking should have no effect on the experienced and mature England team. Indeed, it could even act as a spur, while the current unpopularity of the English in Spain might help to quieten the activities of our more morose fans.

John Barrett on the question of soft and hard courts Winners for all surfaces

THE NEWS that five of the world's top men will not be at Wimbledon underlines the disturbing fact that the men's game seems to be fragmenting as too many tournaments chase too few star players. Those players who specialise on a particular surface avoid other surfaces where they would risk a bad loss.

This is why Wimbledon, with only a few weeks to build up on grass, is the most vulnerable of the three major championships. Furthermore the scheduling of a Davis Cup round in the week following Wimbledon (all of the European and South American matches on clay) has led many of the clay court players, sometimes on the insistence of their national associations, to avoid Wimbledon.

Ivan Lendl, Czechoslovakia's latest champion ranked four in the world, is a classic case. His well publicised criticism of Wimbledon's treatment of players may be largely sour grapes. Although he has won



Ivan Lendl

15 of his last 19 tournaments, he has a poor Wimbledon record. In 1978 he won the junior tournament en route to being voted the World Junior Champion by the International Tennis Federation. In 1979 he was unseeded and lost in the first round to Peter McNamara. The following year, seeded 10, he lost in the third round to Australia's Colin Dibley. Last year, inadequately prepared on grass, he was seeded four and lost his opening match to another Australian, Charlie Fencott.

The Indians and Spaniards to whom the Davis Cup means so much have often put cup pre-

paration ahead of Wimbledon and other prominent individuals like Harold Solomon, Eddie Dibbs and Eliot Teltscher, all Americans, who think they cannot excel on grass, have regularly missed Wimbledon. This year, of course, the crisis in the South Atlantic will keep away both Guillermo Vilas and Jose Luis Clerc as well as other Argentinians who would otherwise have played.

For years Jimmy Connors missed the French Open and many European and South American are always absent from the U.S. Open because they cannot function on the fast, hard asphalt at Flushing Meadows. It is reasonable for lesser players with limited budgets to plan their tours around surfaces where they perform well merely to raise their world rankings. But for any player in the top ten who seriously wants to become the world's number one, as Lendl averts he does, it is self defeating to avoid unfamiliar surfaces.

All the great champions of the past from Tilden, Borotra, Perry, and Budge—before the war—to Drobny and Rosewall, Trabert and Santana, Hoad, Laver and Emerson proved their ability by winning on all surfaces.

Thus it is premature to judge the quality of some of today's champions. Until Borg has won the U.S. Open and McEnroe has mastered the art of clay court play, until Lendl has won on grass, we shall not be able to assess their true worth.

SPORTS DIARY

CRICKET: England v India First Test, Lords, Tuesday, Monday and Tuesday. RACING: Royal Ascot, Tuesday until Friday. SOCCER: World Cup. Tomorrow: Argentina v Belgium, Barcelona. Mon.: Italy v Poland, Vigo; Brazil v USSR, Seville. Tues.: Peru v Cameroon, La Coruna; Hungary v E. Salvador, Elche; Scotland v New Zealand, Malaga. Weds.: W. Germany v Algeria, Gijon; England v France, Bilbao; Spain v Honduras, Valencia. Thurs.: Chile v Austria, Oviedo; Czechoslovakia v Kuwait, Valladolid; Yugoslavia v N. Ireland, Zaragoza. Fri.: Italy v Peru, Vigo; Argentina v Hungary, Alicante; Brazil v Scotland, Seville. LAWN TENNIS: Eastbourne championships, Monday to Saturday. Bristol championships tomorrow until Saturday.



Why the market is buzzing

By Barry Riley, Financial Editor

Rhetoric and reality

EVENTS HAVE a cruel way of exposing the rhetoric of good intentions, which is the stock trade of those who write summit communiqués.

And yet it could have been much worse. At the political level there has been considerable agreement among the leaders of the main industrial countries.

The British, too, have cause to look back on the summit with some satisfaction. Mrs Thatcher emerged with useful support for the British action over the Falklands both from her boss, President Mitterrand at Versailles, and from President Reagan, whose reference to the Falklands in his speech to both Houses of Parliament this week was warmly received.

The real bones of contention over the past few days have been economic rather than political. Nothing that was said or done at Versailles can alter the fact that the United States and France, with others ranged at varying points in between, stand at diametrically opposed ends of the spectrum on what should be done to generate economic growth and reduce unemployment.

Diametrically opposed

Not has there been much genuine progress on the issue of intervention to stabilise exchange rates—point to which the franc's continuing decline against the dollar adds piquancy. President Mitterrand's failure to announce a tough package of austerity measures at his Press conference this week no doubt reflects a realistic assessment of the

THIS week's news that the Los Angeles-based bank Security Pacific is negotiating to buy a 29.9 per cent stake in one of London's leading firms of stockbrokers, Hoare Govett, has set the Stock Exchange buzzing with anticipation.

There is, of course, the dramatic precedent of New York, where a series of big brokerage houses have changed hands—culminating in the recent plan for the British money broking group Mercantile House to buy the medium-sized U.S. brokers Oppenheimer for around \$200m.

The takeover of Shearson Loeb Rhoades by American Express, the acquisition of Bache Group by Prudential Insurance Company of America and the absorption of Salomon Brothers into the commodity trading group Fibro are just some of the deals that have shaken the U.S. stock market community.

For the time being, however, a restructuring of the London stock market cannot assume anything like the dimensions of the changes that have been seen on Wall Street. The London Stock Exchange has taken a very cautious line on the question of outside participation in member firms.

Until recently the rule was that a non-member could not hold a stake of more than 10 per cent in a member firm. This has applied to the two firms of listed jobbers, Akroyd and Smithers and Smith Bros, just as much as to the multitude of other broking and jobbing firms, which are sometimes constituted as partnerships and sometimes as companies, but are all privately owned.

A previous case involved the Bournemouth firm of Robson Cotterell which in 1974 sold 10 per cent of its equity to two investment funds within the Allied Breweries group. This deal had several controversial features. Allied Breweries had a special category of shares which entitled it to much of the firm's income. Moreover, substantially the whole of the pension fund

searching for totally new effective drugs... is unsupported by any independent analysis. In fact the World Health Organisation has repeatedly condemned the over proliferation of brand name drugs, particularly those which—limited or even banned in developed countries—are advertised and sold over the counter in Third World nations.

Pharmaceutical companies have yet to state exactly how much they spend on "development" as distinct from new basic research. It is also a fact that research into certain areas has been stopped by companies primarily because the profit opportunities are not attractive enough.



Richard West, Hoare Govett's managing director, has opened the door—will others follow?

business went through the Bournemouth firm. This led to criticism by London brokers and merchant banks which might otherwise have benefited from the transactions.

The Stock Exchange establishment appeared to take the view that while the Robson Cotterell arrangement was within the letter of the rule book, it was against the spirit, even though the firm had believed quite properly.

When, more recently, majority opinion on the Council of the Stock Exchange inclined towards a relaxation of the 10 per cent rule, it was clear that strings would have to be attached.

There was, however, a desire to seem even-handed between jobbers and brokers. So a general rule was devised, and the maximum stake set at a compromise figure of 29.9 per cent. This has the advantage that it is the same level as that set in the Takeover Code as the limit for shareholdings which do not trigger a full takeover bid. It can be said to mark the hazy borderline between

shareholdings which count as an "investment" and those that confer some measure of effective control. This question of control is a key factor for the Stock Exchange. As a self-regulatory body, it depends upon its disciplinary power over members.

Even holdings at the level of 29.9 per cent, however, posed potential problems, especially if combined with special capital structures of the Robson Cotterell type. An investment institution channelling its securities dealing business through a broking firm in which it had a large stake might be able to get a significant proportion of its commissions back in dividends. This could be seen as posing a threat to the Stock Exchange's fixed commission structure.

These commission rates, however, are often "lent" in other ways. Broking firms sometimes deposit substantial sums in interest-free current accounts in order to secure the business of merchant banks. Various services are provided free by brokers to big clients. How much bending of the rules would be permissible in this case? In the end it was decided that no firm should normally have more than a fifth of its total business from a major shareholder.

In setting such restrictions the Stock Exchange claims that it is seeking to avoid any reduction in the competitiveness of the market. For jobbing

dangerous to set precise rules that could be cleverly evaded; better to do the fine tuning when a test case was to hand. Whatever the precise implications of the rule book, however, it is important to remember that Stock Exchange firms are also restricted by purely commercial considerations. Brokers know, for instance, that if they become too active in areas like new issues or discretionary management of portfolios they run the risk of being shunned by the merchant banks, which control vast investment portfolios.

And if they acquire a merchant bank or a pension fund as a big shareholder, other clients may suspect that the shareholding institution is going to get favoured treatment in the firm's book—the research, maybe, or first pick of a tasty share placing.

While the wheels were slowly turning in the committee rooms of the Stock Exchange, Hoare Govett was engaged in a lengthy analysis of the ways in which it should prepare for future changes in the shape of

the securities markets. It talked to various institutions in the City of London, and to a number of overseas companies. One decision was that as a large, broadly spread firm it could not afford to become too closely linked to a single UK financial institution; the conflicts of interest would be too serious.

The overseas picture was quite different, however. It already had extensive operations abroad, especially in the Far East, and it has made plans to open a New York office. Some 50 of its 450 staff work abroad. Attractive opportunities for a brokerage house have been opened up by the rapid growth of international portfolio management, with U.S. funds now diversifying overseas in a way which has already become familiar in Europe.

It so happens that during the past two years Hoare Govett has become quite close to Security Pacific, the common stock of which it introduced to the London stock market in 1978. Last month it suddenly became apparent that it would become possible for a worthwhile shareholding link to be forged. The firm was in a position to meet almost instantaneously when the change in the rules was formally announced.

bank is seen as being very advantageous. At present, however, Hoare Govett does not do any dealing for Security Pacific, and the question of whether it might handle any portfolio dealings by the Californian bank in the London market is still undecided. Whatever happened, such business would never be substantial enough to challenge the 20 per cent rule. But Hoare is very keen to ensure that its London clients are completely happy about the Security Pacific deal.

The brokers are anxious to emphasise that there will be no change in the traditional way of dealing with London clients. Hoare remains optimistic about its London business, and it has just clocked up record profits in the year ended last month. It claims a positive reaction to the Security Pacific link from a variety of London contacts, including clearing banks, merchant banks, the Bank of England and various investment institutions.

Now Hoare Govett will enter into detailed discussions with the Stock Exchange, which had been told something was in the wind but was not given the name of the firm's chosen partner until last Wednesday morning. It is unlikely that there will be any serious problems. Hoare is playing very much by the rules so that the Security Pacific stake takes the required form of a mere "investment." The bank will not be represented on the Board, and there can be no question of " undue influence " over the management.

But if Hoare Govett has opened the door, who else might run through? It is common knowledge that big U.S. brokerage houses like Merrill Lynch—which has recently bought into a Hong Kong firm—are seeking to build up their international networks. They would not find it easy to comply with the Stock Exchange's hands-off requirements. At the same time, they would not be happy to see the major London brokers one by one locked into relationships of the Hoare Govett-Security Pacific type.

It is possible that within a few years much of the London Stock Exchange's rule book will be torn up by the Restrictive Practices Court. If so, questions of " undue influence " and 29.9 per cent shareholding limits will no longer apply. But by that time, many of the plans in the London stock market may already have been picked.

The challenge posed by the Hoare Govett decision, however, is that inhibitions within the domestic markets may cause most of the new connections to be forged with overseas institutions. The possibility of the formation of powerful London-based groups with a stock market base appears to be small. The question is whether, in the context of rapid international integration of the world's major capital markets that is the right way to ensure that the City of London will retain an important role.

Letters to the Editor

Falklands

From Mr J. Flinn Sir—Most of the current debate about what should happen after our "victory" seems to assume that things will stay the same—particularly in South America—after we have thrown the Argentines out. It seems certain in fact that changes will take place.

Your Lombard column of June 3 identified the changes most likely to develop in Argentina after the conflict. Once the people realise that their military throw away the best chance they've ever had of obtaining some sort of sovereignty over the Falklands they can't last long.

The Junta, however, will try to use the fact, and I expect them to look for a consolation prize. Judging from your reports from Chile (June 4) about Argentine allegations of Chilean help for the British task force, it seems that they might seize the disputed islands of Lemna, Nueva Pictoria in the Beagle Channel.

ment of companies even more "asymmetrical" than it already is with the government. Is that the aim or is it rather a reviving corporate capital market? That there is inequity in the taxation of the inflation premium in rack coupon issues the government has conceded. The inequity is inherent in the current symmetry of the (generous) treatment of the borrowing company and the (mean) treatment of the tax-paying lender. Reducing the inflation means reducing the symmetry. That is where the dialogue should start, not stop.

Lloyd's From Mr J. Burrows Sir—The Lloyd's Bill before the House of Lords divides those members who do not work at Lloyd's from those who do by separate representation on a governing council. A Lloyd's contract of insurance binds every participating underwriting member for his sole account in the profit or loss accruing from the risk, in return for a premium. Thus all underwriting members have an equal and undisputed common interest in providing security to the insured, and this requires unlimited liability.

Symmetry From Mr J. Percival Sir—There is widespread agreement that it would be a good idea for the corporate sector to be able to issue deep-discount, zero-coupon or indexed bonds on which lenders would enjoy the same tax relief as they now can get on indexed government bonds.

asked to join his working party, and so argue against being disenfranchised. While accepting the composition of such a council, I shall not be able to accept its authority and discipline, unless it has been freely elected by all members on a simple postal ballot basis. Only then do all members have an equal interest in expressing through their votes their views on the way in which affairs are to be conducted.

The Bill provides the society is not to be liable to members for damage for negligence or breach of duty. If it is enacted as it stands I shall no longer be able to accept the responsibility I have to the insured and will be forced to consider whether I can continue as an underwriting member. An errors and omissions insurance policy could give the council all the protection necessary without insurance.

Pharmaceuticals From Mr D. Warburton Sir—In his letter (June 3) the director of the Association of the British Pharmaceutical Industry asserts that if generic drugs were prescribed, this would be a "major disincentive to research investment... and would result in a significant loss of jobs." Unfortunately for Dr Arnold, all the objective studies indicate a totally opposite effect. There is sufficient evidence from U.S., Sweden and elsewhere to disprove the claim on jobs. A recent study indicates "particularly strong earnings growth" in respect of generic drug manufacturers.

Accounting From Mr A. Tomlinson Sir—Professor Myddelton (June 2) believes that in my letter of May 24 I asked whether accounts should allow for general inflation; in fact I asked why it should be preferable for business accounts to allow for changes in general price levels (ie, general inflation) rather than changes in the level of prices specific to the business in question.

Williamson From Mr P. Cotes Sir—Rachel Billington's review (June 5) of Dan Farnon's biography of Henry Williamson would seem to have caught the essential quality of the subject, as I knew him.

Accounting From Mr A. Tomlinson Sir—Professor Myddelton (June 2) believes that in my letter of May 24 I asked whether accounts should allow for general inflation; in fact I asked why it should be preferable for business accounts to allow for changes in general price levels (ie, general inflation) rather than changes in the level of prices specific to the business in question.

(Mr Coch, May 28 and Mr Watts, June 4) have adequately dealt with this point; to repeat, yet again, that current cost accounting is not a method of accounting for general inflation hardly constitutes an argument for abandoning it.

They would do well to remember that even in historical cost accounting there is a great deal of subjectivity, eg, in the choice of accounting policies. Objectivity and ease of application constitute very poor grounds for embracing current purchasing power accounting in preference to OCA.

Disparaging references to the "subjectivity" of OCA are an attempt to evade the admittedly more onerous responsibility of making value judgments. But do the opponents of OCA believe that their mission lies in ticklog and checking what can be confirmed as fact, or are they professional accountants whose proud boast is that they are trained to bring to their work a degree of professional skill and judgment, regardless of

how difficult that might be in practice? J. W. Redman, 18, Sandy Lodge Road, Moor Park, Rickmansworth, Herts.

For most of the time he rarely spoke but enjoyed listening to table-talk. I never heard him once pass a political remark, when he spoke at all it was about the weather in the country. He was not a town member and travelled up, apparently, from the country where he lived and wrote his last books. When he departed from his listening stance, and being the proverbial loner, he became, for the moment, a practical joker who took delight in chucking bread rolls at all standing and sundry when the mood took him to behave like a schoolboy.

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Advertisement for St. Quintin featuring a skeleton clock and text: 'Delicate Timing... St. Quintin have been offering professional skill to the world of commercial property for 150 years.'



Robert Graham reports from Madrid on some last-minute snags in staging the month-long World Cup

# The tribulations of the humanised orange

BEHIND A veneer of calm the organisers of the 1982 World Cup football competition have had some appalling last-minute hitches.

With the opening match due tomorrow between Argentina and Belgium in Barcelona, imagine the poor officials who this week discovered that the newly made doors to the Nou Camp Stadium had all been put on the wrong way.

Then the fire authorities abruptly announced they were unwilling to licence more than 100,000 spectators to use this, Spain's largest stadium. Tickets had been sold on the basis of accommodating 120,000.

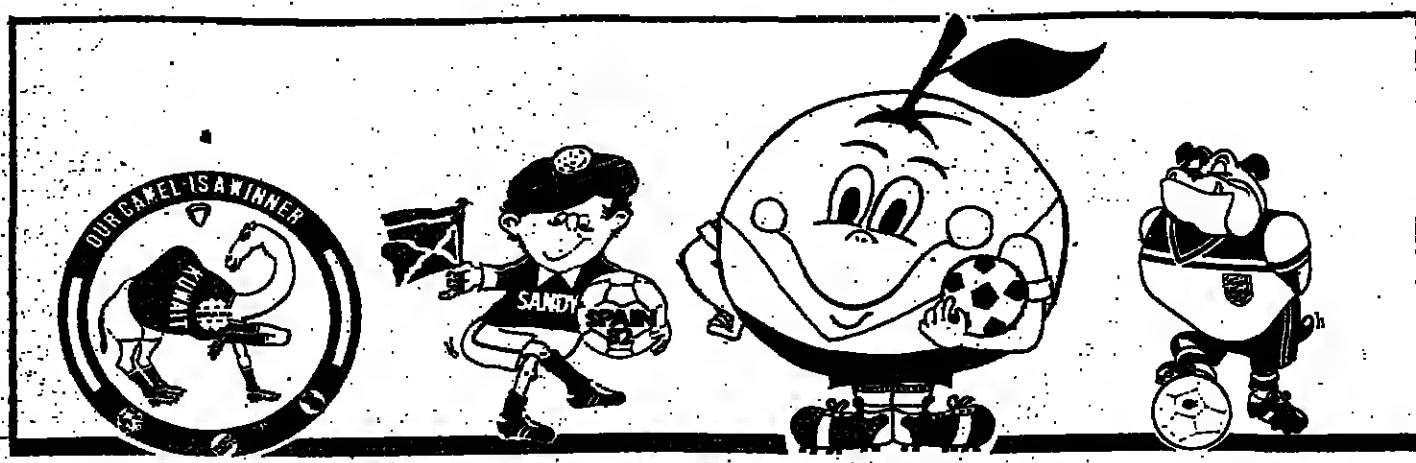
And as if this was not enough, the 4,500 participants

free area enlarged. "Even if it's up to the kick-off, everything will be ready. It's always like this," one official commented in Barcelona yesterday.

Thus, a bit like a well-printed stage prop which hides the electric wires, Spain will be putting its best foot forward as it receives its biggest exposure to the outside world during the month-long football competition.

The high points of the Cup are likely to be watched by 1.6bn TV viewers world-wide. Over 7,000 journalists, photographers and technicians from radio, TV and the press are here to satisfy the hunger for facts, titbits, excitement and scandal at the world's biggest sports report jamboree.

BBC alone has more than 150 people here.



Symbols of the 1982 World Cup: Kuwait's football-playing camel, Scotland's wee sandy, the Cup's humanised orange mascot "Naranjito" and England's cartoon-character bulldog.

static publicity and SwFr 26m (about £7m) for commercialisation rights. Rofa Sport then ceded these rights to a Monaco registered promotion company, SMPL. The latter in turn contracted the London-based consultancy and sports promotion group West Nally which is run by sports commentator Peter West and Patrick Nally.

West Nally got Cup promotion off the ground by agreeing on the mascot—"Naranjito," a humanised orange. It was also responsible for setting up a joint company with the Spanish Football Federation, Dermundial, to promote the merchandising of the competition. The relationship between West Nally and all these various companies has created considerable confusion especially after West Nally pulled out having failed in April to agree on a renewal of its contract. Patrick Nally was one of the original signatories in the agreement between Rofa Sport and FIFA for the concession of rights.

The real make or break operations are those of companies which have paid to use the "Naranjito" mascot on products which range from tee shirts and drink to soaps and towels. Dermundial has sold over 500 concessions. But it has come up against a formidable array of imitations and has been obliged to set up a special legal department to combat what it regards as between 80 and 90 serious frauds. Dermundial itself is talking of a profit from merchandising of only Pta 129m (£80,000). An indication of lower demand has come from one of the main video distributors, Varte, which had anticipated a 150 per cent increase on last year's sales of 65,000. So far it has sold 135,000 videos, less than it had hoped.

For my money the person who has come out of the Cup

## A strike by some key construction workers

in the dress rehearsal for the opening ceremony rucked the precious turf in their enthusiasm to form Picasso's Dove of Peace. Further dress rehearsals were postponed.

Similar stories have filtered in from the other 16 stadiums which will host the 24 teams in the competition. Bilbao for instance, where England will play their first match against France on June 18 looks distinctly unfinished—not least because of a strike by some key construction workers.

The Cup has been the catalyst for a major face-lift operation in each of the 14 cities involved. None as yet appears to have completed the finishing touches. Madrid's international airport this week was a jungle of equipment as new check-in facilities were being installed, special welcoming booths set up and the duty

provides potential dynamite for incidents, especially as the Spanish have decided so openly to back Argentina. The groundswell of anti-British sentiment over the Falklands pervades most of the country save the Basques who are rooting firmly for England.

The England team should feel at home in Bilbao—playing in a stadium where one of the first trainers was an Englishman, where the team has a uninterrupted view from its hotel of the entry to Bilbao port. The Scots are down at Sojo grande, the luxury hotel and villa development near the frontier with Gibraltar. They are congratulating themselves on not taking up an offer by the Gibraltar government to stay there—the offer was made in the belief that the border would be open. The Northern Ireland team is staying some 300 km off the coast at Valencia.

No one seems to know just how many people are going to come to Spain during the next month. Normally during this period Spain welcomes about 4m visitors. Mundespansa, which

has organised the foreign ticket sales, originally thought that up to 1m would come for the soccer. This has been scaled down to 250,000. Even this could well be optimistic.

Mundespansa's sales policy has proved little short of disastrous. It set out with the sound idea that to avoid confusion it would be simpler to sell a complete World Cup package that included entry tickets, air fare

and hotels. The packages were to cover the two phases of the Cup.

Having thought that up to 200,000 packages could be sold for the first phase Mundespansa has sold only 25,000; and of the 40,000 targets for the second and final phase no more than 25,000 tickets are believed to have been sold.

The Spanish Press has burlled

abuse at Mundespansa for grossly overpricing at a time of international recession. If this is the case it is a surprising error since Mundespansa is formed jointly by the four biggest Spanish travel agencies—Ecuador, Marsans, Mella and Wagon Lits—and the four major hotel chains—Entursa, Husa, Hotasa and Mella.

Already some cancellations have been announced. For

## A magnificent occasion to promote products and generate tidy profits

obliged to make major cancellations of hotel bookings. In some instances in the Basque country these cancellations have been up to 100 per cent while in the case of Valencia up to 80 per cent of all bookings have been called off. Mundespansa is also awash with tickets. "Trunkfuls" as one official said.

This touches on what all too often seems to be the real driving force behind the Cup—a magnificent occasion to promote products and generate tidy profits. The competition is being organised by a committee headed by a Spaniard, Sr Ramon Satorra, in conjunction with the Spanish Football Federation and Fifa—the governing body of international football.

Fifa agreed to let a Swiss company, Rofa Sport, obtain the three most important and costly commercial contracts related to the competition—the world TV rights outside Spain, static publicity and commercialisation/merchandising of the competition. Rofa Sport paid SwFr 56m (about £11m) for the TV rights, SwFr 30m (about £9.25m) for

indices of average earnings for April. Indices of basic rates of wages for May. BR discusses pay with unions. Twenty-four hour stoppage by health service workers.

THURSDAY: Provisional index of industrial production for April. UK banks' assets and liabilities and the money stock (mid-May). London dollar and sterling certificates of deposit (mid-May).

FRIDAY: Retail prices index for May. T&P and price index for Mrs Margaret Thatcher attends charity night at the Press Club.

## Economic Diary

TODAY: Mr Leon Brittan, chief secretary to the Treasury, and Mr Cecil Parkinson, Conservative Party chairman, attend Welsh Conservative Party conference in Llandrindod. Labour Women's conference at City Hall, Newcastle (until June 14). Mr Arthur Scargill, president of the NUM, speaks at South Wales miners' gala in Cardiff.

MONDAY: European Parliament begins five-day session in Strasbourg. EEC finance and agriculture councils meet in Luxembourg. Provisional retail sales figures for May. BIS annual report published. Church Commissioners annual report and

accounts. COBSE conference in Edinburgh (until June 19). NALGO conference in Brighton (until June 18). The Economist hold conference "Hong Kong—prospect and opportunities" in Frankfurt (until June 15).

TUESDAY: EEC fisheries and development councils meeting in Luxembourg. FR conference on "The future of bank reporting" at Grosvenor House Hotel, WI.

WEDNESDAY: Mrs Margaret Thatcher addresses UN session on disarmament in New York.

## Weekend Brief

**World's most cosseted journalists**

"This must be the worst trip ever," said a veteran White House correspondent as President Ronald Reagan's whirlwind tour of Europe entered its 10th and last gruelling day yesterday.

With two international summit meetings in a week, a dash to Rome to see the Pope, another to see the Berlin Wall, and a State Visit to Britain, the stamina of the usually cosseted White House Press Corps has been severely strained.

It is true that there are advantages in travelling on the chartered jumbo jet Press plane that follows—or in fact usually precedes—the President. The White House Press men hand in their passports at the outset and get them back at the end. They never have to go through normal customs and immigration procedures, book hotel rooms or even carry their luggage. It appears magically in the room at each stop.

Boarding the Press plane at

Andrews Air Force Base in Washington at 6.30 am, the first thing you are offered is Bloody Mary, soon to be followed by a champagne breakfast complete with free jelly beans and a fresh carnation. "It's the only way to travel," said a British colleague, who had promptly adjusted his watch to Paris time—six hours later—to justify his sudden need for a drink.

Discipline, to say the least, is slack. People stroll up and down the aisles smoking and chatting as the plane taxis to take off and few break off their conversations when the captain asks them to fasten their seatbelts. The clatter of typewriters continues through the in-flight movie.

At each stop the White House press demands to be, and usually is, treated as a privileged elite. It gets a continuous stream of high-powered briefings from cabinet members like Mr Alexander Haig, the State Secretary, or Mr Donald Regan, the Treasury Secretary, while journalists from other countries normally have to be content with lowly, anonymous spokesmen.

They don't have to take notes. Verbatim transcripts of the briefings are usually available within 30 minutes. They don't have to read foreign newspapers. The U.S. Government supplies potted versions in English each morning. And most of them don't have to go anywhere because they are handed a "pool report" from a small group selected to cover the main ceremonial events.

On rare occasions that they



President Reagan inspecting the Guard of Honour at Windsor Castle overlooked by some of his Press Corps

must move out of the special White House press centre that is set up at each stopping place, a specially arranged shuttle bus arrives to transport them. In Bonn on Thursday there were facilities for them to order taxis to meet them on their return to Washington today.

The minutest details are explained without the need even for a telephone call. In his Bonn speech Mr Reagan mentioned some ladies in a town called Filderstadt who had sent him a

petition. Moments later there was a handout on Filderstadt, which turned out, among other things, to be the home of Filderkraut, "better known as sauerkraut."

There was a full list of the gifts that the Reagans had given their various hosts. For some unexplained reason, the Thatchers got a set of teaspoons and sugar tongs. Herr Helmut Schmidt, the German Chancellor, was given a wine cooler.

But there are disadvantages

too. In the last ten days departure times for the press plane has averaged about 6 am and the trip to Rome meant getting up at 3 am. The aircraft has to arrive well before the President so that the TV cameras can be set up in advance and the security services satisfied. If Mr Reagan has looked tired on occasions in the past few days, many of his 800 strong press entourage have looked even worse.

## Contract stringer for tennis

It takes the intestines of seven sheep to make one 33 ft length of gut—sufficient only for a single tennis racket frame.

This unusual commodity has provided an equally unusual career for Derek May. He will be commuting daily from his Wiltshire home to attend to the needs of Wimbledon's superstars. Each evening he will return with a carload of injured rackets which must be restored in time for the next day's play.

"I am what is known as a 'contract stringer'," he explains. "There are factories who make the gut and factories who make the rackets—a contract stringer puts the two together."

Mr May learned to string by hand, but now uses a sophisticated machine made in America. "I found that a machine makes the job much easier and gives more accurate results. It also puts much less strain on the chest and arm muscles." Mechanisation of the technique, he also meant that he has been able to establish a team of ten women workers, who each have a £800 racket-stringing machine in their front room.

"Hardly any professional plays with a synthetic fibre," he maintains. "Natural gut has an

ability to stretch with rapid spring and return to its original length. The secret is to get every racket exactly the same, so that if a string goes in the middle of a match a player can pick up another racket and play on without even noticing the difference. No professional ever has a repair. It is always a complete restring. Someone who plays hard, like Vilas, can have over 400 restringings a year."

Derek is able to judge the tension of a racket by listening to the "note" of a string. "I've even taken rackets to a professional musician to try to get two with exactly the same note. Top players know to within a lb what the tension is—and even that can all be altered by the weather."

He has strung rackets for nearly all the VIPs, including

Connors, Gerulaitis, Fibak and Maria Bueno. This year he is in sole charge of Buster Mottram's "wardrobe" of 30 rackets. "Every day the postman delivers something—people send me their rackets from just about everywhere."

While Derek attends to the professionals personally, his outworkers are busy all the year round on bulk orders, including squash and badminton rackets, which will be sent across the globe. "I normally teach my workers to do a certain type of racket and they stick to that model," he says. "They are usually women, because it is work you can do at home. But I have had a policeman and even a postman! It takes a couple of weeks to learn to string properly, but some people pick it up straight away."

At Wimbledon he will be watching most games from a privileged position and admits that he doesn't like to see "his" players lose. "It can give me a bit of a guilt complex if I let it."

Souvenirs of his work, used by past champions like Arthur Ashe (who was his first success), adorn the walls of his country home, where he also has his workshop. "I always try and keep at least one of my player's rackets."

Derek May has a contract with the American sports firm AMP, who provide most of the work for his cottage industry, Greenhill Stringing Services. "The difficulty was in getting the contracts to begin with. Once a firm has found a contract stringer they have confidence in they don't let him go easily, so vacancies are few."

## Esprit de corps in Hanoi

The Vietnamese may be bungry but foreigners in Hanoi can buy what is probably the cheapest French champagne east of the Alps. It costs a mere \$12.50 a bottle.

Teacher's whisky, cognac and good French bouillabaisse for ground \$4 a bottle is also available at the hotels and shops run for the capitalist's small foreign community.

At the Thong Nhat hotel foreign diplomats throw occasional parties to relieve the gloom of being posted in what may be, with the possible exception of Albania and Outer Mongolia, the toughest posting in the world.

The Thong Nhat is home for many of them. The Malaysian ambassador must have the smallest embassy in the world there. A room on the third floor, 18 ft by 15 ft. A curtain

separates his "residence" from the "chancery".

"This is my empire," says a remarkably cheerful if slightly wary Aftt Singh who is about to be posted to Vienna.

The Yugoslav ambassador is on the second floor, the Algerian, the British, the man in Hanoi lives in a splendid old French colonial house which he believes was built at the turn of the century as a high-class bordello for rich Chinese merchants. "It's the bedroom with each room on the ground floor that's the give away," says Mr Derek Tomlin.

Thong Nhat hotel—one of three available for foreigners—was once described in a French guide-book as "the most comfortable of all the hotels in Indochina." It used to offer its guests 120 apartments, 10 de luxe, a lift, afternoon tea and evening meals to music, grand balls and, in the summer, a cinema.

That was before France lost Vietnam to the Communists in 1954. Today things are not quite the same. The guest shares his room with the odd cockroach,

the occasional mouse and the ubiquitous lizard.

The lift is locked and in the lobby the string quartet and the Persian rugs have been replaced by a solitary Polish black and white TV set. Late at night, under the breeze of the silent fans, the staff watch Russian football beamed from Moscow.

The staff in the hotel are a big asset—in case the Michelin Guide is interested. Like most Vietnamese they are exceptionally courteous and helpful, a breed apart from their morose colleagues in Moscow or Peking.

Soviet experts wander in occasionally to quench their thirst with lime juice and vodka chasers. Nobody knows how many there are in Vietnam. Western estimates put them at between 8,000 and 10,000, advising on armed forces, drilling for oil and helping in agriculture and industry.

Mostly they live in compounds throughout the country, keeping very much to themselves.

They make frequent appearances, however, at the diplomatic shop. They can be seen waiting patiently to be fired

for suits or dresses for between \$15 and \$30 by a tiny, multi-lingual Vietnamese master tailor—his faint air of disdain the only clue to his real feelings, as he stands on a chair to measure them.

There was much glee among the western diplomatic community which has recently suffered a rash of break-ins (a thing unheard of before the capture of "capitalist" Saigon in 1975) when it was learnt that the Russian embassy compound in Hanoi was burgled.

"Petty crime is a real problem today," said one envoy. "Three years ago if something went missing the word would go out and you'd get it back within hours. Today there's no chance."

Predictably the Soviet Embassy occupies the grandest quarters: a huge, walled compound of considerable grace, built in the centre of the city under the French. All day black Mosca Limousines bearing the hammer and sickle flag ferry officials in and out.

Their nearest rivals are a newly

built compound at the edge of the city for which virtually everything down to special ceiling tiles to keep out the heat was shipped in. Sweden has the biggest aid programme to Vietnam of any non-communist country and has always maintained special relations with Hanoi.

"It's the weather which is the real killer," said one ambassador. "Some of my colleagues are falling like ninepins. One of them has it written into his contract that he spends three weeks out of six in Bangkok."

Hanoi summers are boiling hot with high humidity. Winters are cold. As another of his colleagues said—three days before leaving for his next posting—"It's been fun. This is a fascinating country. But enough is enough."

Contributors:  
Reginald Dale  
Judith Stares  
Alain Cass

## BUILDING SOCIETY RATES

	Deposit rate		Share accounts		Sub'pn shares		*Term shares	
	%	%	%	%	%	%	%	
Abbey National	8.50	8.75	10.00	10.75	high option, 9.25-10.75 1.5 years	6 years sixty plus, 10.25 1 year open bondshares		
Ald to Thrift	9.55	9.80						
Alliance	8.50	8.75	10.00	10.75	5 y., 10.25 4 y., 10.25 £500 min.	2 m. not. or £100+60 d. int. pen.		
Anglia	8.50	8.75	10.00	10.75	9 y., 3 mth. not., 3 y., 2 m. not.	10.25 1 mth's. not. all int. loss		
Bradford and Bingley	8.25	8.75	10.00	9.75	1 month's notice			
Bridgwater	8.50	8.75	10.25	10.75	5 years, 9.85 2½ years			
Bristol Economic	8.50	8.75	10.00	9.50	3 months' notice and 9.75 on balances of £10,000 and over.	Escalator shs. 9.25-10.75 (1.5 y.)		
Britannia	8.50	8.75	10.00	10.75	5 y. option bond, 10.00 2 m. not.			
Burnley	8.50	8.75	10.00	10.75	5 yrs., 3 mth. not.; 9.75 1 m. not.			
Cardiff	8.50	9.25	10.25	9.50	on bal.: £3,000-10,000, † to £3,000			
Cardiff		10.00			— £10,000 and over			
Catholic	10.00	9.00	10.00	9.25	on share balances of £5,001+			
Chelsea	8.50	8.75	10.00	11.00	3 y.—90 days' not. on amt. wdn.			
Cheltenham and Gloucester	8.50	8.75	10.00					
Cheltenham and Gloucester		9.75			— Gold Account. Savings of £1,000 or more (8.75 otherwise)			
City of London (The)	9.75	9.10	10.25	10.25	Capital City shs. 4 mths.' notice			
Coventry Economic	8.50	8.75	10.25	10.50	4 yrs., 10.25 3 yrs., 10.00 3 mths.			
Dorsetshire	8.50	8.75	10.00		9.25-9.85 (3 months' notice)			
Ealing and Acton	8.50	9.25			— 9.85 2 yrs., £2,000 min.			
Gateway	8.50	8.75	10.00	10.75	2 yrs., 2 mths.' not. int. loss			
Gateway		9.75			— Plus a/c £500 min. Int. 4-yearly			
Greenwich		9.85	10.10	10.85	5 yrs., 10.10 3 months' notice			
Guardian	8.50	8.00		10.75	9 mth., 10.25 3 mth., £1,000 min.			
Halifax	8.50	8.75	10.00	10.75	5 yrs., 3 mths.' wdl. notice			
Heart of England	8.50	9.75	10.50		— 3 mths.' notice 9.75, 5 yrs. 10.75			
Hearts of Oak and Enfield	8.50	9.00	10.50	10.75	5 yrs., 10.25 6 mth., 10.00 4 mth.			
Hendon	9.00	9.75			— 10.50 6 mths., 10.25 3 mths.			
Lambeth	8.50	9.00	10.50	11.00	5 yrs., 10.75 9 months' notice			
Leamington Spa	8.60	8.85	11.93		10.35 1 year			
Leeds and Holbeck	8.50	8.75	10.50	10.75	5 yrs., 9.75 1 mth. int. penalty.			
Leeds Permanent	8.50	8.75	10.00	10.75	3 yrs., E.I. a/c £500 min. 9.75			
Leicester	8.50	8.75	10.00	10.75	5 yrs., 10.25 4 yrs., 9.75 3 mths.			
London Grosvenor	8.00	9.25	11.00	9.75	3 mths.' notice 1 mth. int. pen.			
Middlesbrough	8.50	8.75	10.00		— 10.25 1 year			
Mornington	9.30	9.80						
National Counties	8.75	9.05	10.05	8.75	35 days' notice min. dep. £500, 10.15 6 mths.' min. dep. £500			
Nationwide	8.50	8.75	10.00	10.75	5 yrs., £500 min. 90 days' notice. Bonus a/c 9.75 £1,000 min., 28 days' notice			
Newcastle	8.50	8.75	10.00	10.75	4 yrs., 9.75 2 mths.' notice, or on demand 28 days' int. penalty			
New Cross	9.50	8.75			— 9.75-10.50 on share accs., depending on min. balance over 6 months			
Northern Rock	8.50	8.75	10.00	10.75	5 yrs., 10.25 4 yrs., 9.75 3 yrs.			
Norwich	8.50	8.75	10.25	9.75	3 yrs., 9.50 2 yrs.			
Paddington	8.25	9.25	10.75		— 10.00 2 y., 10.5 3 y., 11.0 4 y., 9.75 Ems.			
Peckham Mutual	9.25	9.50			— 11.10 (5 yrs.) to 10.50 (6 mths.)			
Portsmouth	8.85	9.05	10.55		— 11.75 4 yrs., 11.75 9 mth., 11.05 3 mth.			
Property Owners	9.75	10.25	12.75		— 10.00 2 yrs. (early withdrawal option)			
Provincial	8.50	8.75	10.00		— 9.50-10.75 all with special options			
Skipton	8.50	8.75	10.00		— 11.40 5 yr., 10.75 3 yr. 60 d. wdl. not., 10 2 mth. not./28 days' int. loss			
Sussex County	8.75	9.00	11.25		— 10.00 2 yrs. (early withdrawal option)			
Sussex Mutual	8.75	9.25	10.75		— 9.50-10.75 all with special options			
Town and Country	8.50	9.75	10.00		— 11.40 5 yr., 10.75 3 yr. 60 d. wdl. not., 10 2 mth. not./28 days' int. loss			
Wessex	9.75	9.80			— 9.00 days (int. loss), 9.75 immed. access (int. loss) or 28 days' not.			
Woolwich	8.50	8.75	10.00	10.75	90 days (int. loss), 9.75 immed. access (int. loss) or 28 days' not.			
Yorkshire	8.50	8.75	10.00	10.25	5 yrs., 10.25 4 yrs., 9.75 3 yrs., 9.25 2 yrs., 10.00 Golden key 28 days' penalty interest			

\* Rates normally variable in line with changes in ordinary share rates.  
All these rates are after basic rate tax liability has been settled on behalf of the investor.



# UK losses take toll on Pilkington

HIT BY a £29.2m increase in UK losses to £41.3m, Pilkington Brothers, glass manufacturer and processor, fell by £27.6m to £33.4m for the year to March 31 1982. The dividend at 10.5p, however, is being held at 10.5p with a second interim payment of 5.5p net.

At midway, when a decline from £35m to £22.9m was reported, the directors said seasonally stronger UK demand and a reduction in redundancy costs would result in an improved second-half performance. In the event this period contributed £30.5m (£16m).

They now say there are some signs that, worst of the UK recession is over and the company will begin to benefit from an economic recovery. However, demand is still weak for many of the company's products, and this, combined with further continuing redundancy costs —

£211.3m (£9.4m) this year — will again depress current year trading results. Overseas prospects are for another good performance overall.

Trading profits from overseas companies, which improved from £50.3m to £68m in 1981/82 included Flachglas Group for the 12 months, compared with seven months previously. But lower volumes and pressure on selling prices reduced net profits to about the same amount for both periods.

Good performances were achieved in South Africa, Australia and South American countries.

Vidriera Argentina, held by a subsidiary in the Netherlands, represents 2.4 per cent of the total group assets employed. Trading profits, which were higher than the previous year, represent 16 per cent of the

group's trading profits from overseas companies.

Licensing income at £39.4m (£35.3m), is again satisfactory and benefited by £2.4m from lower exchange rates.

A number of the earlier licences granted to the major glass manufacturers have now expired, and although new licences are still being signed, income is expected to fall by about a third next year and then remain relatively stable for some years.

During the year, group capital expenditure on fixed assets was £94m.

Expenditure on investments and acquisitions was £48m, the principal item being a further increase in holding in the Flachglas Group to 77 per cent.

Although borrowings have increased during the year and are reflected in higher interest costs of £19m (£12.5m), the group's

balance-sheet remains strong with a debt/equity ratio of 1/3.2.

Turnover for the year rose from £786.8m to £958.9m, while trading profits fell from £48.2m to £35.7m. These were struck after depreciation of £70.2m (£45m), replacement of fixed assets £34.4m (£29.2m) and obsolescence of fixed assets £8.9m (£7.1m).

Pre-tax profits included a £6.3m (£10m) share of associates. Tax absorbed £49.9m (£32.2m) and, with minorities taking £9.5m (£8.4m), there was a loss per £1 share of 3.52p (£2.6p earnings) pre an extraordinary credit of £17m (£4.4m debit). This arose mainly from profits on holdings in various interests.

On a CCA basis, taxable profits are shown at £34.5m (£86.3m) and the loss per share at 13.3p (£16.4p earnings).

See Lex

# Wigfall deeper in the red

AFTER REPORTING losses of £1.81m at the halfway stage, the directors of Henry Wigfall and Co. have said that progress by the year-end. This hope has not been fulfilled, and losses for the full year to March 31 1982 plunged to £3.72m. This compared with profits of £33,000 in the previous 12 months.

Turnover of this retailer of electrical goods, furniture and fashionwear, fell from £45.33m to £42.41m. No dividend is being paid for the year — the previous total was 6p net.

Mr Gordon Hazzard, the chairman, says the second half followed the same adverse trend which was reported at the half-year. He believes, however, that the present year will demonstrate important progress towards the goal of re-establishing the company as a viable and profitable enterprise.

The pre-tax loss was after depreciation up from 25.9m to 26.47m and interest charges slightly lower at 22.3m (£2.8m). There was no tax against £135,000 last year.

The retained loss was £3.72m against retained profits of £186,000. The loss per 25p share was 15.5p, the acquisition in 1977. On CCA basis, there was a pre-tax loss of £4.17m (£9,000).

Henry Wigfall has completed the year in sad form, with the £7m attributable loss wiping off a quarter of the company's net worth. Since the year end, Wigfall has raised some £8m by selling off a large block of rental accounts plus some shops and other properties. The money will be applied against borrowings and should crank down capital gearing from 90 per cent to a more manageable 49 per cent. It will then be up to Wigfall to spruce up its marketing and get its range of products moving again. The group made 5p yesterday to 11.5p where they still stand at about a 50 per cent discount to their net asset backing. Even so, there is probably some hint of a bid prospect in the price. The market capitalisation is £5.8m.

# Sidlaw advances to £1.7m

Sidlaw Group's pre-tax profit increased to £1.73m for the half year ended April 30 1982 compared with £556,000 last time. After lower interest charges of £258,000 (£453,000), turnover advanced from £15.22m to £17.69m. The directors say that the figures "show a pattern broadly consistent with the greatly improved second half last year after the textiles reorganisation".

The pre-tax profit in the second half of the last financial year was £1.84m. A steady profit performance is expected in the current second half.

An analysis shows turnover for the 11 services totalled £10.32m (£7.27m), while that of textiles came to £7.37m (£7.95m). The textiles operations staged a recovery, making a profit of £342,000 against a loss of £611,000, while earnings from the other divisions were higher at £1.44m (£1.18m).

After tax of £518,000 (credit £3,000), attributable profit before extraordinary items was £1.21m (£838,000). Stated earnings per 50p share were 13.92p (2.95p).

The interim dividend is effectively raised to 2.5p per share (1.67p) — last year's total was an adjusted 6.67p.

# Ward and Goldstone warning

A WARNING that pre-tax profits for the year will be materially less than the £1.3m for the last six months is given by the directors of Ward and Goldstone. They say the loss for the second half was due largely to poor demand and intensive competition among the sales divisions and unsatisfactory performance by the accessories division. Profits for the year to March 31 1981 were £2.5m.

The group's accounts for the year to March 31 1982 will not be completed for some time, they say.

The current year has not started well, they add, but a stringent cost-cutting programme, including 500 redundancies, has been instituted and this will have a speedy beneficial effect on the group's trading position. The group's borrowings remain well within agreed facilities.

Ward and Goldstone, based at Salford, Manchester, manufactures insulated wires and cables and electrical accessories.

# Electra Inv. at £4.7m and pays more

An increase in profits after tax has been shown by Electra Investment Trust for the year to March 31 1982. Gross revenue improved by £3.27m to £10.66m, better than forecast. Final dividend is pushing more into the total to 3p (2.65p). At half time with post-tax profits ahead from £1.93m to £2.15m, the directors forecast a final of not less than 1.98p.

Earnings per 25p share are given as rising from 2.95p to 3.18p. Group net assets are shown as £7.96p (£7.41p).

Tax took more at £2.27m compared with £1.97m. The amount added to reserves rose from £177,000 to £219,000.

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# Evered site sales to net £650,000

MR D. M. SAUNDERS, chairman of Evered and Company Holdings, told the AGM that contracts had been exchanged in respect of the sale of the Evered Group's site at the Wilson Memorial Hall at Smetwicke. The proposed sale of the Surrey works site was proceeding to contract and the agreement would include a leaseback arrangement for the part of the site required by Evered and Company (Metals), he said.

The sum realised was expected to be around £650,000 and it was anticipated that these transactions would reduce the net asset value of the group.

# Johnson & Firth Brown larger loss at midway

TRADING LOSSES at Firth Brown and interest charges which, although they fell from £4.07m to £2.5m, were still substantial, left Johnson & Firth Brown, the specialist engineer, with a pre-tax deficit up from £2.85m to £3.95m for the half-year to March 31 1982.

Firth Brown's problems, caused by the recession, have been exacerbated by the collapse in world aerospace industry demand, explains Mr J. M. Clay, chairman. Consequently, the further retraction of the subsidiary has been necessary and benefits from this are now showing through.

The group loss per 25p share increased from 3.2p to 4.3p and the interim dividend has again been omitted. Last year a nominal 0.01p net was paid as a final, with the company £3.66m in the red.

As regards prospects for the remainder of the current year,

Mr Clay believes recent restructuring in most subsidiaries, "at great cost", has stemmed losses from the present low level of demand, and has ensured that an upturn in trade will enable the group to move towards an acceptable level of profits. He anticipates demand will slowly but steadily improve.

First half turnover totalled £91.74m (£117.94m) and trading loss, turning in at £14,000 (£34,000 profit), broke down as to: steel £1.43m loss (£1.12m profit) and engineering £1.25m profit (£17,000 loss), with central administration charges taking £394,000 (£207,000).

Before tax of £287,000 (£290,000), losses were struck after the inclusion of £85,000 (£389,000) for share of associates.

A reduction in extraordinary debits from £4.17m to £3.14,000

this time, cut the attributable deficit from £7.55m to £5.15m and preference dividends took £266,000 (same).

Mr Clay reports that apart from Firth Brown, the rest of the group traded profitably, which was more the result of months of economies rather than strong demand for products.

Overseas, Cannon-Muskegon was adversely affected by the aerospace recession and this largely accounts for the decline in share of associate profits.

Over the past year, the group has sold certain subsidiaries and closed margins of loss-making activities, thus releasing the cash tied up in working capital. These steps have restricted the rise in profits are inadequate to finance cash requirements. The board says Mr Clay remains concerned about the continuing high level of loans.

See Lex

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See Lex

# The glow of steel turns cold

JOHNSON AND FIRTH BROWN did all the things Sheffield's fiercely independent specialist steel companies were supposed to do in the 1970s.

It combined with others and invested heavily in new plant that would enable it to concentrate on making higher value products and forgings for world markets.

But as yesterday's sombre interim statement indicated, the group is now fighting for its life.

JFB's problems arose from familiar enough circumstances. Between 1976 and 1979, capital spending totalled £33.5m almost three times its retained profits in that period.

Just as the peak of spending was passing, the group was hit by three national strikes, by management engineering and steel workers.

Then the recession gradually sapped demand for its products, culminating in a renewed setback early this year when Rolls-Royce, the company's most important customer, suffered a slump in orders for its aero engines.

JFB's steel division, which makes engine shafts, rotor blades and the like, employs more than two-thirds of the group's £119m turnover and it plunged from a trading profit of £1.1m in the first half of last year to a loss of £1.1m this time.

To make matters worse, JFB has been subjected to considerable outside criticism recently. Questions have been raised, for example, about the hiring of some of its profitable assets to a U.S. associate.

Mr Philip Ling, a JFB director who has acknowledged his disenchantment with Sheffield, is moving to the U.S. to head up the associate. Also, Mr Oliver Jessel, former chairman of JFB, has been trying to rally the support of large shareholders to oust what he calls "the steel clique" in favour of a new board of directors that would diversify

the company's interests. Ironically, it was Mr Jessel who in 1973 formed the core of today's group, by leading Richard, Johnson and Nephew, a Manchester wire and rod producer, into a £33m takeover of the famous Sheffield special steels company, Thomas Firth and John Brown. But he left the company to sell his 34 per cent stake in early 1975 when Jessel Securities ran into financial difficulties.

JFB went on to consolidate its position in engineered steel products with a £10m investment in an automatic forging machine and the £12.7m acquisition in 1977 of British Rollmakers.

The company then thought it should seek expansion abroad. Borrowings were relatively high at £42.6m against shareholders' funds of £73m in October 1977, because of the capital spending programme and so a £9.7m rights issue was launched when the following year Weston Evans, a small UK engineering business with three-quarters of its profits in the U.S., was bought.

This was to be our searchlight," Mr Ling said.

Within a few months, it spotted Cannon Muskegon, a highly profitable super alloy maker, but then JFB's resources were being depleted by the transport and engineering strikes.

To conserve capital, the group set up an associate, JFB Holdings, to buy Cannon and add 44 per cent of the equity to Oppenheimer and Co., a New York banking and broking house that specialises in tax shelters, and 6 per cent to three executives, one of whom was Mr Ling. The completed deal gave JFB the option to buy back 33 per cent up to 1985.

Then, as the recession deepened, JFB closed several operations and made some 40 per cent of its 14,500 workforce redundant. But borrowings still

climbed to 79 per cent of shareholders' funds by March last year and the directors realised that further disposals would be necessary.

By a stroke of luck, a buyer was found for the loss-making steel wire business, raising £20m, and another eye U.S. subsidiary, which had a new subsidiary of JFB Holdings, raising £4.8m from institutions that bought minority stakes in it.

Last January it was announced that Mr Ling would move to the U.S. "to concentrate full time on the enlarged JFB Holdings".

Both £20m and the £4.8m were held in a new subsidiary of JFB Holdings, raising £4.8m from institutions that bought minority stakes in it.

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# Ophthalmics push UKO into £0.5m loss

AFTER AN exceptional debit of £593,000 for the year to end March 1982, UKO International incurred a pre-tax loss of £486,000, against previous profits of £1.55m. Group sales remained steady at £50.85m compared with £51.7m, after allowing for the sale of William Page and Company at the end of the previous financial year.

The directors of this manufacturer of ophthalmic lenses and spectacle frames, with interests in catering, have decided not to propose a dividend for this year. Last year a total of 5p was paid.

At the interim stage pre-tax profits slumped from £1.11m to £48,000.

Trading, particularly in the ophthalmic division continued to be extremely difficult, say the directors, and the year's result was adversely affected by a number of non-recurring exceptional charges.

The catering division made lower profits of £783,000 (£990,000) on sales of £11.55m (£13.13m). The directors say the division is well placed to meet future opportunities.

The ophthalmic division had losses of £1.27m (£394,000 profit) on sales up to £39.1m (£38.58m). The exceptional debit comprised £283,000 for re-organisation costs, £200,000 for re-organisation costs, £200,000 for accelerated depreciation on plant no longer required.

In addition the directors say there were other non-recurring costs estimated at £900,000 due to de-stocking planned and carried out during the year. Lenses manufactured were only 75 per cent of those sold. The reduction in inventory amounted to £2.5m. The directors state that factory production is now in

line with sales.

There was also a reduction in profits from overseas companies of £272,000. An extraordinary debit of £198,000 (£25,000) has been made against re-organisation costs of the Ovest Optique subsidiary in France.

Tax charge was much lower at £50,000 (£408,000) and losses per £1 share of 3.52p (£2.6p earnings) after. Net external borrowings showed a reduction of £1.3m (£170,000 increase).

For the first time UKO has returned a pre-tax loss for the year, and the dividend was passed, but this came as no surprise to the market, the share price gaining 1p to 40p. In the absence of a recovery in demand, UKO has done its best to reduce costs: the workforce is now 2,800

strong, a drop of 600, stocks have been cut by about £2.5m, with interest charges coming down by 15 per cent to £2.2m. The lens market is undergoing something of a shake-out worldwide, and with prices fixed in demand, the group under an abstruse around UKO's neck. However the substantial increases in NES charges on lenses in April is not good news for the company in the current year. The 12 per cent drop in sales on the catering division is almost entirely due to the sale of William Page, but in the remaining business, the manufacturing side took something of a beating. In March Consult International took a 9.5 per cent stake in the equity, but this has recently been reduced to about 8 per cent. UKO is capitalised at £5.62m, under a third of net asset value.

# Lack of demand hits Burco Dean at halfway

THE continuing lack of demand has resulted in Burco Dean falling deeper in the red, and Mr S. Crookenden, the chairman, describes the first half figures as "most disappointing". Losses increased from £153,000 to £254,000 in the six months to March 31 1982 and this has set back the company's plans for a trading recovery. No interim dividend is being paid against 0.1p last time.

Turnover of this manufacturer of domestic electric and gas appliances, kitchen furniture and security systems, die-casting and plastic mouldings, fell from £10.4m to £11.05m. In the year to September 30 1981 the company has pre-tax profits of £253,85m.

The pre-tax figure was struck after interest charges of £227,000

(£236,000). No tax was again payable for the half-year.

Mr Crookenden says the numbers employed in the group have been reduced from 1,850 to 1,000 in the last three years, and two factories have been closed. Therefore, he says, any upturn in the economy which does occur will have a disproportionately favourable effect. Cash flow is positive and remains strictly under control, he adds.

The kitchen furniture division had a particularly tough six months, during which several of its competitors were forced to close. Totally new designs were introduced to the market in March and this gives the company the ability to compete effectively with Continental manufacturers.

He says the change-over to the new ranges is a long and costly process, and profitability will not

be restored until the autumn. The appliance division is recovering from the fire damage which caused a temporary shortage of products, and had an adverse effect on its market share of cooking products. The joint-venture with Glen Dimplex has made a satisfactory start and progress is being made towards an early return to profits.

The industrial division was hit by a further slump in demand for foundry and plastic services, and some redundancies were necessary. However, the successful introduction of garden furniture into this division will make the second half more buoyant.

looked its products. Eastham kitchen furniture has been squeezed at the cheap end by such companies as MFL, while up-market, despite a price advantage, it has been battered by continental manufacturers. The division hopes to restore sales strength through the recent widening of its range. On the other side, much store is placed in the joint venture with Glen Dimplex which permits a sizeable cut in overheads. With better quality output its hope is now to gain ground as a small operator in severely depressed market. Overall, however, there is unlikely to be any upturn in demand for the group until the summer leaving any possibility of a return to profit probably well beyond the September 30 year end. Yesterday the dis-appointments pushed the shares down 3p to a 1982 low of 25p.

# Wearwell ahead at six months

PRE-TAX profits of Wearwell, the East London clothing manufacturer and wholesaler, were £1.75m in the six weeks to February 26, 1982. In the last accounting period, 26 weeks to October 31 1980, the pre-tax figure was £1.3m. Sales improved from £5.82m to £9.56m, with the first quarter figures being approximately 50 per cent over average quarterly sales achieved in the preceding accounting period.

The interim dividend is as forecast, 1.2p net (same), and at the year-end the directors said they intended to recommend a final dividend of 1.85p on the increased capital — depending on actual profit earned. In the 69 weeks to August 28, 1981, the last full accounting period, the total payment was 3.5p, which included a

statement. However, Wearwell still sounds confident of a record for the full year. That probably means something over £4m (against £4m for the previous 69 weeks). Certainly market forecasts of a 55m profit, floating around at the time of last December's 55m rights issue are now well off beam. But Wearwell is pushing more into the UK and Europe where the margins are tighter than in the Middle East but there is obviously a bit more stability. The market has had a lot of Wearwell paper to digest over the last couple of years and it shows through in the price which at 57p yields 7 per cent. The fully taxed p/e is around 8. A much clearer picture is needed before any re-rating can be undertaken.

After three years with brakes hard on Burco Dean thought it was back on course at the end of last year. But in its concern to get the figures right it over-

# Ward and Goldstone warning

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The current year has not started well, they add, but a stringent cost-cutting programme, including 500 redundancies, has been instituted and this will have a speedy beneficial effect on the group's trading position. The group's borrowings remain well within agreed facilities.

Ward and Goldstone, based at Salford, Manchester, manufactures insulated wires and cables and electrical accessories.

# Results due next week

Jacobae's Malaysia and Singapore profits have fallen out of bed and analysts expect that currency gains will make up the deficit. The company reports full-year figures for 1981 on Thursday and the market is expecting between £71m and £73m pre-tax, against £71m last year. Some analysts expect a currency gain on translation of more than £10m, against a negative £5m last year. The Malaysian vehicle and timber markets still look depressed so it could be some time before income pulls out of its current plateau. In the meantime, useful improvements are showing up in the U.S. and Australia, while the Middle East appears to have bottomed out. The dividend is expected to be maintained.

A fairly stout improvement is expected from Guinness, which reports interim figures on Tuesday. Analysts are looking for £20m to £23m pre-tax, against £18.4m last year. These predic-

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The current year has not started well, they add, but a stringent cost-cutting programme, including 500 redundancies, has been instituted and this will have a speedy beneficial effect on the group's trading position. The group's borrowings remain well within agreed facilities.

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Company	Announcement date	Dividend (p)	Dividend (p)	Dividend (p)
		Last year	This year	
Alpine Soft Drinks	Wednesday	1.20p	2.64p	1.20p
Anglo-Indonesian Corp.	Tuesday	—	3.27p	0.26
Cashwood Construction Holdings	Thursday	1.0	1.5	1.5
Graby Leslie	Thursday	1.0	2.3	2.0
Grandford Property Trust	Thursday	1.7	2.0	2.0
British & American Film Holdings	Thursday	1.0	1.75	1.0
British Gas Specialities Corp.	Thursday	2.0	3.25	2.0
Canterbury Hosiery	Tuesday	0.45	1.0	0.45
Continental Industries	Thursday	0.45	1.7	1.0
Cropper (Jamaica)	Wednesday	1.0	1.5	1.0
Cross Woodfield	Friday	—	0.05	—
Country House Trust	Thursday	0.25	0.75	0.25
Dowson International	Thursday	2.0	3.5	2.0
Dominion & General Trust	Thursday	3.0	7.7	3.0
Epsi Midlands Allied Press	Thursday	1.0	2.25	1.15
Blackrock House	Monday	0.75	0.825	—
Inchcape	Thursday	1.15	11.0	7.15
Johnson Mathew	Wednesday	3.0	6.5	3.0
Lendon Overseas	Friday	1.5	1.072	1.5
Lionel Holdings	Thursday	1.0	1.9	1.65
MK Electric Group	Monday	5.0	7.0	5.0
Property Partnerships	Thursday	2.0	3.4	2.0
Pauls & Whitby	Thursday	1.75	4.75	2.25
Property Holdings & Investments	Friday	2.3	1.85	1.35
Standard Fire				







Companies and Markets

WORLD STOCK MARKETS

Dow jumps 12 in 56m volume

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PRICES SOARED in the heaviest trading in weeks on Wall Street yesterday, following the reaction to the end of the Federal Budget...

By 1 pm the Dow Jones Industrial Average advanced 12.17 to 1,018.88, for a net rise of 5.90 on the week, with the NYSE All-Common Index at 823.93...

Analysts said the Stock Market had been poised for a rally for weeks and was only waiting for passage of a Budget measure in the House, which came late Thursday.

Aerospace and Defence stocks got a boost from the Budget which set a guideline for a peacetime increase in military spending.

Lockheed rose \$1 to \$501. General Dynamics \$11 to \$261. Bendix \$1 to \$484 and Northrop \$1 to \$491.

The market also got a boost from the news that Israel and Syria agreed a ceasefire in Lebanon.

American Hospital Supply, the volume leader, moved up \$1 to \$401 a block of 1,574,400 shares traded at \$40.

Some of the stronger groups in the market included Technology, Railroad, Restaling and Defence stocks.

Oil Drilling and Services stock perked up after sliding far weeks. Schlumberger put up \$11 to \$401.

THE MARKET got a boost from the news that Israel and Syria agreed a ceasefire in Lebanon.

MCA were lifted \$2 to \$89-1/2. Its movie "ET - the Extra-terrestrial" opened yesterday and is expected to be one of the biggest hits of the Summer.

THE AMERICAN SE Market Value Index improved 0.74 to 289.72 for a net gain of 0.74 on the week. Trading volume...

Closing prices for North America were not available for this edition.

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Financial Times Saturday June 12 1982



Oerlikon plans to cut workforce

By John Wickes in Zurich
OERLIKON BUERLE, the Swiss armaments-to-footwear group whose profits collapsed last year from SwFr 165m to SwFr 24m (\$11.7m), is to lay off around 8 per cent of its workforce.

The redundancies centre on 300 workers at the engineering company, Werkzeugemaschinenfabrik Oerlikon-Buehle, which suffered a 29 per cent drop in sales last year and incurred "heavy" operational losses.

The company, which makes up a large segment of Oerlikon's armaments division, does not this year expect to meet the sales and earnings targets it set itself.

Work weapons demand coupled with the rapidly rising cost of development were the main excuses given by the group when announcing its 1981 results earlier this year. The profits setback led Oerlikon to cut its dividend by a third to 10 per cent.

At the annual meeting in May shareholders were told that the chances of a recovery this year were limited.

Prospects were "not very positive," Oerlikon said, and also made it clear that the group accounts would have fallen into the red had certain development costs not been excluded from the profit and loss reckoning.

Swiss fabrics group incurs further loss

GARDISETTE, the Swiss soft-fabrics producer, booked a further loss of SwFr 13.5m (\$6.6m) in the year ended March 1982, bringing the total deficit to SwFr 19.5m. The board is to ask the annual meeting on June 25 to approve the freeing of SwFr 19m of reserves to cover most of the losses.

A statement attributes the setback to weak demand plus the cost of restructuring. Turnover dropped by 15 per cent last year to SwFr 69m, about one-half of the decrease being the result of the strength of the franc.

Alfa Romeo runs up heavy deficit as unit sales fall

BY RUPERT CORNWELL IN ROME

ALFA ROMEO, Italy's long-troubled car maker, yesterday reported mounting losses and declining sales, both in foreign and home markets.

The 1981 deficit of the company's division of the Finmeccanica holding company, which is controlled by state-owned IRI holding company, was 1,975m (\$73m). In 1980, new accounting methods enabled the concern to show a balanced-sheet profit of 1,175m, which masked true operating losses of around 1,750m.

At the annual meeting next Friday, permission will be sought for a further capital increase to 1,600bn. Alfa's equity has gone up twice already within the last 12 months, from 1,125bn to 1,850bn, and subsequently to 1,490bn.

Alfa's plight reflects the combination of soaring labour costs at home and the inability to increase prices as it would have liked, as a result of fierce competition both in Italy and abroad.

During 1981, sales at home slipped by more than 6 per cent from 120,000 units to 112,000, while export deliveries suffered a similar contraction, to 84,000 units from 90,000 in 1980. Consequently total sales fell below the 200,000 mark, from 210,000 in 1980 and 230,000 in 1979.

In monetary terms, turnover contracted to L1,549bn, in sharp contrast to the previous year's increase of 21 per cent to L1,670bn.

One bright spot was the success of Alfa's troubled operation based at Pomigliano d'Arco, near Naples, in reducing its deficit to 1,250bn from 1,760bn in 1980. Hopes are also pinned on the new Alfa-Nissan vehicle to be assembled at a new plant near Avellino in Southern Italy. The first cars, whose Japanese content will be 20 per cent, are due to roll off the production line in the second half of next year.

Alfa, moreover, is banking on economies of scale from the components agreement expected shortly with Fiat, Italy's biggest car manufacturer, and from allocations of funds from the new government facility to help technological innovation.

Some signs exist that 1982 might be witnessing a slight improvement. In the first four months domestic car registrations climbed to 45,807 units, equivalent to 6.9 per cent of the Italian market, against 6.5 per cent for the whole of 1981.

Triumph Adler sees recovery

By Our Financial Staff

TRIUMPH-ADLER, the office electronics group acquired by the Volkswagen motor group two years ago, expects to break back to profit in 1982.

Herr Peter Niedner, managing board chairman, expects Triumph-Adler to reduce its losses sharply in the current year and to break even in 1983.

For 1981 the company ran up a world group loss of DM 142m (\$89m) on sales of DM 1,525m. These figures, compared with losses and sales of DM 86m and DM 1,450m respectively in 1980.

Last year a parent company net loss of DM 127m was reduced when Volkswagen released Triumph-Adler from payment of DM 250m of debt. For the current year, VW will release Triumph-Adler from payment of DM 100m of debt.

German freeze on DM bond issues

By ALAN FRIEDMAN

WEST-GERMAN banks yesterday imposed a two-week freeze on the issue of around DM 800m of new Euro-D-mark bonds which had been scheduled under the DM 1.9bn five-week calendar to July 1.

The decision, taken by the West German Sub-committee on Capital Markets, represented the first time in a year such a freeze had been felt necessary. The D-Mark foreign bond market, like the Eurodollar bond sector, has been undergoing difficulties this week.

The Euro-D-mark market continued, however, to issue new bonds almost every day and this has stretched the absorption capacity of the sector to the limit. Immediately affected by the freeze was a proposed DM 100m issue for Bass, the UK brewer.

Also affected was a DM 100m planned issue for the Government of New Zealand. In total there were to have been between DM 900m and DM 1bn more issues over the next fortnight. The freeze will help the market to recoup its lost stability.

One banker commented that the freeze was good news for the market. "In my mind this shows the market is being sensible," he said.

Euro-D-mark bond prices lost around 10 points this week, while the Euro-Dollar sector went through a severe shake-out before making a small recovery yesterday. Eurodollar sector prices were still one to 1½ points lower on the week.

Mr. Blanch will be based at the Ford offices in Warwick, Essex. A colleague said yesterday that his appointment was welcome. "He is tough, but civilised with it. He prefers to make sure the management team are properly motivated rather than beating them around the head."

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IRI in link with Hitachi

By Our Rome Staff

IRI, THE Italian state-owned conglomerate, has announced the first fruits of its drive to strengthen ties with Japan, in the shape of a link-up, in manufacture and market electronics and bio-medical equipment.

The deal, for which no financial details have been given, is between a consortium of IRI companies, including Ansaldo and the Elettroselenia radar and electronics concern, and a Japanese Hitachi group.

The two partners are committed to exchanges of technology, joint production of bio-medical and ultra-sonic surgical instruments and a joint commercial network in the Mediterranean area, the Middle East and Latin America.

Bruguera seeks receivership

By Robert Graham in Madrid

ONE OF Spain's best known publishing groups, Editorial Bruguera, has applied to a Barcelona court for temporary receivership. In its application the company revealed assets of Pta 20bn (\$93m) and debts of Pta 3.9bn.

In addition, a similar application was sought for Bruguera's subsidiary, Librea, with assets of Pta 1.2bn and debts of Pta 877m.

This is the largest publishing company to run into difficulties so far in Spain. Temporary receivership is granted by the court if it considers that a company's debts exceed a ratio of assets. The procedure is frequently used by companies to avert a receivership while restructuring plans are drawn up.

Bruguera is a family-owned concern employing 1,200 people.

Commodity investment without tax. IG Index Limited, 9-11 Grosvenor Gardens, London SW1W 0UD. Tel: 01-235 5599.

Tiger Oats wins contest for Monis and Fattis

BY JIM JONES IN JOHANNESBURG

THE FIGHT between South Africa's two largest food groups, Tiger Oats and Premier Group, over who should control the flour miller and pasta maker, Monis and Fattis, has ended in an out-of-court settlement. Tiger Oats has emerged as the winner with an offer of 990 cents a share for Monis and the payment to Premier of R5.4m (\$4.9m) in full settlement of the claims it may have had over Monis shares.

Monis is the last independent flour miller with a Johannesburg Stock Exchange quote and has 2.82m ordinary shares in issue. Of these, 81 per cent were owned by the private family company, Monis Brothers.

The first move in the fight for the group which was considered to be strategically important to both contestants was an R20 cents a share bid for 51 per cent of the equity. This was accepted on behalf of Monis Brothers by its chairman, Mr John Monis, who said he had the support of 75 per cent of that company's voting shares. However, Tiger countered with a 120 cents a share bid for 51 per cent of the Monis equity. This bid, too, was accepted.

This set Tiger and Premier scurrying to their lawyers and raised the prospect of an extensive and protracted legal battle. However, the matter has now been settled out of court. Tiger has acquired the entire share capital of Monis Brothers and thus, effectively, 51 per cent of Monis and Fattis and is to offer 990 cents a share to minority shareholders for their interests.

The total price Tiger will have to pay for Monis and Fattis is R33.3m, of which R27.5m will be for the shares if all minorities accept the bid, and R5.4m in settlement of Premier's claims. In the year ended January 1981, Monis turnover was R42.2m and its pre-tax profit R2.2m. By way of contrast, in the 14 months to February 1982, Tiger's turnover was R1.63bn and its pre-tax profit R106.1m.

Control of Tiger is, meanwhile, in the process of being transferred to the Barlow Rand group.

Wardley in ACLI partnership

By Robert Cottrell in Hong Kong

ACLI INTERNATIONAL, the U.S. commodity trader, has found a new Hong Kong joint-venture partner to replace Sun Hung Kai Securities, which last month announced that it was joining forces with Merrill Lynch.

ACLI, a subsidiary of Donaldson, Lufkin and Jenrette, the Wall Street investment house, has now linked up with Wardley the merchant banking arm of the Hongkong Bank Group. The two companies say they have reached an agreement in principle on the deal, and that they hope the joint-venture, Wardley-ACLI Commodities, will be in business by the end of July. It will operate in Hong Kong and throughout south-east Asia.

Merrill Lynch meanwhile, has now made its tender, jointly with Paribas, for 10 per cent of Sun Hung Kai Securities. The offer forms part of the package deal to associate Sun Hung Kai Securities and W. Lee Kai Bank with Merrill and Paribas by means of cross-shareholdings.

Konishiroku Photo lifts profits by 71%

By Our Financial Staff

UNCONSOLIDATED net profits at Konishiroku Photo Industry Company, the photographic goods and copiers maker, rose by 71 per cent on sales in its fiscal year ended April 30, compared with the previous year.

Net profits rose to ¥10.81bn (\$44m) from ¥6.31bn in 1980-1981. Sales increased to ¥215.01bn from ¥199.49bn. Earnings per share rose to ¥49.26 from ¥21.24.

The company raised its final dividend to ¥25 a share from ¥17.5, bringing the total dividend for the year to ¥42.5 a share, up from ¥27.5.

For the current fiscal year, the company forecasts an 8.2 per cent rise in net profits to ¥11.7bn on sales 15.3 per cent higher at ¥248bn. It plans to maintain both the half-yearly and annual dividend at ¥25.5 a share.

In the year just ended, export revenue rose to ¥11.33bn, accounting for 5.1 per cent of all sales.

COMMODITIES/REVIEW OF THE WEEK

Tin prices plunge as pact talks fail

BY OUR COMMODITIES STAFF

TIN PRICES came under renewed pressure on the London Metal Exchange yesterday, following news that the Geneva conference debating the adoption of the proposed new International Tin Agreement had been adjourned until June 23.

The decision to adjourn the talks after two days came when it became evident that the rift was too wide between producing and consuming countries about the new pact, which is supposed to come into force when the existing agreement expires on June 30.

In Manila, the world's biggest tin producer, claimed that it could not make a definite commitment at this stage, and the U.S. and Bolivia have already decided not to join.

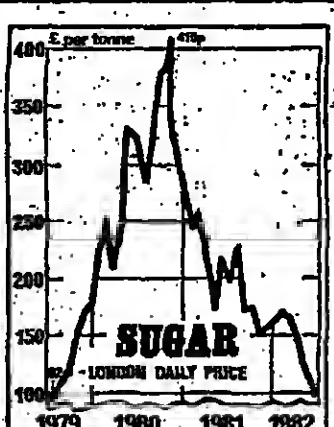
The possible collapse of the agreement encouraged speculative selling in the London market where there was little evidence of support buying by the buffer stock of the International Tin Council.

The buffer stock is believed to be using its shrinking resources to concentrate on keeping the Straits tin price in Penang just above the agreement's "floor" level of \$29.25 a kilo. In London, meanwhile, cash tin plunged by \$390 yesterday to \$5,930 a tonne, a loss of \$595 on the whole week and the lowest level since May last year.

Copper prices also came under renewed pressure this week. Higher grade cash swung \$12 down on the week to \$735 a tonne, depressed by further cuts in U.S. domestic copper selling price and a continued lack of demand.

However, the market recovered yesterday, after news of the U.S. budget making progress through Congress. This also helped rally lead and zinc, which had fallen earlier in the week.

Another cut in the European zinc producer prices, from \$860 to \$800 a tonne, was announced.



1979 1980 1981 1982

BASE METALS

Amalgamated Metal Trading reported that in the morning cash higher grade tin was \$5,930, lower grade \$5,500, 3 months \$5,500, 6 months \$5,500, 9 months \$5,500, 12 months \$5,500. Copper: Higher grade \$735, lower grade \$735, 3 months \$735, 6 months \$735, 9 months \$735, 12 months \$735. Lead: Higher grade \$200, lower grade \$200, 3 months \$200, 6 months \$200, 9 months \$200, 12 months \$200. Zinc: Higher grade \$735, lower grade \$735, 3 months \$735, 6 months \$735, 9 months \$735, 12 months \$735.

Table with columns: Commodity, Unit, Price, Change, Business Done. Includes Copper, Lead, Zinc, Tin, Silver, Gold, Platinum, Nickel, Cobalt, Manganese, Vanadium, Uranium, Thorium, Radium, Potassium, Sodium, Magnesium, Calcium, Strontium, Barium, Bismuth, Antimony, Arsenic, Selenium, Tellurium, Iodine, Bromine, Chlorine, Fluorine, Oxygen, Nitrogen, Hydrogen, Carbon, Silicon, Phosphorus, Sulfur, Magnesium, Calcium, Strontium, Barium, Bismuth, Antimony, Arsenic, Selenium, Tellurium, Iodine, Bromine, Chlorine, Fluorine, Oxygen, Nitrogen, Hydrogen, Carbon, Silicon, Phosphorus, Sulfur.

Forecast of lower EEC production next season failed to halt the decline in world sugar values. The Dutch Agriculture Minister told the European Beet Growers' Conference in Amsterdam that the 1981-82 crop was "exceptional" and Brussels experts forecast the 1982-83 output at 11.75m tonnes. But the London daily raw sugar price still fell 5¢ to 294 a tonne, the lowest level since August 1979.

Yesterdays prices rallied marginally on the London futures market but trading was thin with many leading dealers in Paris for an international sugar trade dinner.

Cocoa prices declined on disappointment that the settlement of a 375-ton agreement between a Brazilian bank group and the International Cocoa Organisation (ICCO) did not result in the immediate resumption of the September position on the London futures market ended 27¢ down on the week at \$208.50 a tonne.

Renewal of buffer stock operations, stalled since existing funds ran out several months ago, will be delayed until after the next meeting of the ICCO council on July 8-16, when strategies for making the best use of the extra money will be discussed.

AMERICAN MARKETS

NEW YORK, June 11. - Excessively tight money and a nominal change in the market did not prevent the political news in the Middle East from driving oil prices up. The oil price rose to \$12.50 a barrel, up from \$12.00 on the week. The livestock market was mixed but mostly lower on anticipated weakness in beef and cattle. Cattle advanced sharply on the budget compromise passed by the House of Representatives. Cotton rallied with a change in the market psychology. Futures markets were mixed. Coffee came under dealer selling pressure and finished substantially lower. Sugar advanced marginally on light buying interest. Grain and soybean futures were mixed. The dollar trade reaction to a lower soviet crop reports halted Commodities.

Table with columns: Commodity, Price, Change, Business Done. Includes Oil, Livestock, Cotton, Coffee, Sugar, Grain, Wheat, Soybean, Gold, Silver, Platinum, Nickel, Cobalt, Manganese, Vanadium, Uranium, Thorium, Radium, Potassium, Sodium, Magnesium, Calcium, Strontium, Barium, Bismuth, Antimony, Arsenic, Selenium, Tellurium, Iodine, Bromine, Chlorine, Fluorine, Oxygen, Nitrogen, Hydrogen, Carbon, Silicon, Phosphorus, Sulfur.

CHICAGO, June 11. - Land-Chicago, closed 24.50 (same). Live Cattle-June 11, 77.71-72 (72.07). Aug 63.85-83.80 (66.25). Oct 60.70-60.60. Dec 59.50-59.40. Apr 60.50-60.40. May 61.50. Live Hogs-June 62.00-62.20 (62.22). July 60.50-60.20 (59.10). Aug 67.40-67.20. Oct 64.50-64.20. Dec 64.20-64.00. Apr 65.00-64.75. May 65.00. Pork Bellows-July 167.5-167.00 (167.50). Aug 167.5-167.00 (167.50). Sept 167.5-167.00 (167.50). Oct 167.5-167.00 (167.50). Nov 167.5-167.00 (167.50). Dec 167.5-167.00 (167.50). Soybean Meal-July 187.5-187.00 (187.50). Aug 187.5-187.00 (187.50). Sept 187.5-187.00 (187.50). Oct 187.5-187.00 (187.50). Nov 187.5-187.00 (187.50). Dec 187.5-187.00 (187.50). Soybean Oil-July 18.5-18.50 (18.50). Aug 18.5-18.50 (18.50). Sept 18.5-18.50 (18.50). Oct 18.5-18.50 (18.50). Nov 18.5-18.50 (18.50). Dec 18.5-18.50 (18.50). Wheat-July 1.15-1.15 (1.15). Aug 1.15-1.15 (1.15). Sept 1.15-1.15 (1.15). Oct 1.15-1.15 (1.15). Nov 1.15-1.15 (1.15). Dec 1.15-1.15 (1.15). Corn-July 1.15-1.15 (1.15). Aug 1.15-1.15 (1.15). Sept 1.15-1.15 (1.15). Oct 1.15-1.15 (1.15). Nov 1.15-1.15 (1.15). Dec 1.15-1.15 (1.15). Cotton-July 1.15-1.15 (1.15). Aug 1.15-1.15 (1.15). Sept 1.15-1.15 (1.15). Oct 1.15-1.15 (1.15). Nov 1.15-1.15 (1.15). Dec 1.15-1.15 (1.15). Gold-July 1.15-1.15 (1.15). Aug 1.15-1.15 (1.15). Sept 1.15-1.15 (1.15). Oct 1.15-1.15 (1.15). Nov 1.15-1.15 (1.15). Dec 1.15-1.15 (1.15). Silver-July 1.15-1.15 (1.15). Aug 1.15-1.15 (1.15). Sept 1.15-1.15 (1.15). Oct 1.15-1.15 (1.15). Nov 1.15-1.15 (1.15). Dec 1.15-1.15 (1.15). Platinum-July 1.15-1.15 (1.15). Aug 1.15-1.15 (1.15). Sept 1.15-1.15 (1.15). Oct 1.15-1.15 (1.15). Nov 1.15-1.15 (1.15). Dec 1.15-1.15 (1.15). Nickel-July 1.15-1.15 (1.15). Aug 1.15-1.15 (1.15). Sept 1.15-1.15 (1.15). Oct 1.15-1.15 (1.15). Nov 1.15-1.15 (1.15). Dec 1.15-1.15 (1.15). Cobalt-July 1.15-1.15 (1.15). Aug 1.15-1.15 (1.15). Sept 1.15-1.15 (1.15). Oct 1.15-1.15 (1.15). Nov 1.15-1.15 (1.15). Dec 1.15-1.15 (1.15). Manganese-July 1.15-1.15 (1.15). Aug 1.15-1.15 (1.15). Sept 1.15-1.15 (1.15). Oct 1.15-1.15 (1.15). Nov 1.15-1.15 (1.15). Dec 1.15-1.15 (1.15). Vanadium-July 1.15-1.15 (1.15). Aug 1.15-1.15 (1.15). Sept 1.15-1.15 (1.15). Oct 1.15-1.15 (1.15). Nov 1.15-1.15 (1.15). Dec 1.15-1.15 (1.15). Uranium-July 1.15-1.15 (1.15). Aug 1.15-1.15 (1.15). Sept 1.15-1.15 (1.15). Oct 1.15-1.15 (1.15). Nov 1.15-1.15 (1.15). Dec 1.15-1.15 (1.15). Thorium-July 1.15-1.15 (1.15). Aug 1.15-1.15 (1.15). Sept 1.15-1.15 (1.15). Oct 1.15-1.15 (1.15). Nov 1.15-1.15 (1.15). Dec 1.15-1.15 (1.15). Radium-July 1.15-1.15 (1.15). Aug 1.15-1.15 (1.15). Sept 1



Stock Exchange dealings

Details of business done below have been taken with consent from the London Stock Exchange Official List and should not be reproduced without permission. Details relate to those securities not included in the FT Share Information Service.

Unless otherwise indicated, denominations are 25p and prices are in pence. The prices are those at which business was done in the 30 minutes prior to 3.30 p.m. on Thursday and settled through the Stock Exchange settlement system. They are not in order of execution, but in ascending order which denotes the day's highest and lowest dealing prices.

For those securities in which no business was recorded in Thursday's Official List, the latest recorded business in the four previous business days is given with the relevant date. Bargains done the previous day. A Bargain done with non-number or executed in overseas markets.

W-Y-Z

Waddell (Listed) 100 (11) 43 (8) 100cl

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Victoria Capital 100 (10) 100cl

Waddell (Listed) 100 (11) 43 (8) 100cl

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EUROPEAN OPTIONS EXCHANGE

Table with columns: Series, Vol, Last, etc. for various European options.

TOTAL VOLUME IN CONTRACTS: 5071

A=Asked B=Bid C=Call P=Put

CORPORATION AND COUNTY

Table listing various corporations and counties with their respective stock prices.

UK PUBLIC BONDS

COMMONWEALTH GOVT

FOREIGN STOCKS

CORPORATIONS—FOREIGN

BANKS, DISCOUNT

BREWERIES

COMMERCIAL INDUSTRIAL

Stock Exchange dealings

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Unless otherwise indicated, denominations are 25p and prices are in pence. The prices are those at which business was done in the 30 minutes prior to 3.30 p.m. on Thursday and settled through the Stock Exchange settlement system.

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Waddell (Listed) 100 (11) 43 (8) 100cl

MINES—MISCELLANEOUS

AMAX MINES—MISCELLANEOUS

MINES—SOUTH AFRICAN

PROPERTY

INSURANCE

INVESTMENT TRUSTS

PLANTATIONS

RAILWAYS

SHIPPING

UTILITIES

WATER WORKS

BASE LENDING RATES

Table listing base lending rates for various banks and financial institutions.

LONDON TRADED OPTIONS

Table listing London traded options with columns for Option, Ex/price, Closing, etc.

Senior posts at Thames TV

Mr Muir Sutherland, managing director of Thames Television, international to become director of Thames TV.



RULE 163 (1) (e)

Bargains marked in securities which are quoted or listed on an Overseas Stock Exchange

- AGG 1 (1932)
Austrian 275 (78)
Austria 420-38
Alliance Oil Development 68 1/2

RULE 163 (2) (a)

Applications granted for specific bargains in securities not listed on any Stock Exchange.

- Adams & Co. 10.83 (41)
Am. Steel Foundry 330 (76)
Am. Tobacco 110 (40)
Am. Trust 110 (40)

RULE 163 (3)

Deals for approved companies engaged solely in mineral exploration.

UNLISTED SECURITIES MARKET

- Black (1932) 200 (85)
Black (1931) 200 (85)
Black (1930) 200 (85)

MONEY MARKETS

UK clearing bank base leading rate 1 1/2 per cent (since June 8)
The Treasury bill rate fell for the third week running after yesterday's tender to stand at 12.1777 per cent down from 12.2125 per cent the previous week...

CURRENCIES

Pressure increased on the weaker members of the European Monetary System yesterday ahead of the weekend as traders widened positions to minimize losses on any possible resignation before Monday.

THE POUND SPOT AND FORWARD

Table with columns: June 11, Day's spread, Close, One month, Two months, Three months, Six months, One year. Rows include U.S., Canada, Australia, etc.

EXCHANGE CROSS RATES

Table with columns: June 11, Pound Sterling, U.S. Dollar, Deutschmark, Japanese Yen, etc.

EURO-CURRENCY INTEREST RATES

Table with columns: June 11, Sterling, U.S. Dollar, Canadian Dollar, etc.

FT LONDON INTERBANK FIXING

Table with columns: 6 months U.S. dollars, 3 months U.S. dollars, bid, offer.

LONDON MONEY RATES

Table with columns: June 11, Starting, Ending, Interbank, Local Authority, etc.

CURRENCY MOVEMENTS

Table with columns: June 10, Bank of England, Morgan Guaranty, etc.

OTHER CURRENCIES

Table with columns: June 11, Argentina, Australia, Brazil, etc.

EMS EUROPEAN CURRENCY UNIT RATES

Table with columns: June 11, Currency, % change, % change, etc.

I.K. CONVERTIBLE STOCK 12/6/82

Table with columns: Name and description, Size, Current price, Conversion dates, etc.

Statistics provided by DATASTREAM International

Table with columns: Name and description, Size, Current price, Conversion dates, etc.

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED TRUSTS

Large grid of trust information including names of trusts, managers, and contact details. Includes sections like 'Abney Unit Tr. Mgrs. (a)', 'L & C Unit Trust Management Ltd.', etc.



Companies and Markets

LONDON STOCK EXCHANGE

Middle East ceasefire reverses recent market decline  
Gilts lead aided by US events but equities also rally

Account Dealing Dates  
\*First Declared Last Account Dealing from June 11 to June 21...  
Unprecedented news of the Middle East ceasefire caused London equity markets to change direction yesterday.



recovered from a dull start. Turner and Newall improved 3 to 5p on the possible sale of its PVC resin business in County Durham to Norsk Hydro for around £25m.

The reported modest progress towards resolving the prolonged controversy surrounding the U.S. 1983 Budget deficit made impact on equity markets but Gilts advanced, aware that U.S. bonds had responded sharply late on Thursday to the development.

On the other hand, Williams Leech, a dull market since announcing poor results, shed a penny more for a fall on the week of 7 to 6p. The leaders staged a modest recovery in places after the previous day's shake-out.

Among the occasional movements in Shippings, P. and O. Deferred bartered 2 to 15p following the annual report.

This applied particularly to Gilts which experienced increased activity on the switching account but also in straight investment demand.

Disappointment with the level of applications for the Argyle Foods share offer to finance the acquisition of Allied Suppliers prompted early dullness in Food Retailers.

Two contrasting features recently dented the market. Early fall of holiday bookings, Harrison Travel rallied 7 to 20p; yesterday, the company announced the acquisition of five Boeing 737s for about £120m.

As the week progressed, the FT Industrial Ordinary share index measured the shift in attitude by reversing its early loss to a 5.7 higher on balance at 582.5.

The Board's warning that the company's annual profits will be materially less than reported for the first six months completely demoralised Ward and Goldstone which plummeted 27 to a 1982 low of 75p.

The Gold Mines index consequently fell 2.5 more to 225.4 leading this measure slightly better over the five-day period.

Illustrating the better market feeling after mid-week rumours of a ceasefire, which incidentally faded completely yesterday, Food Retailers opened uncertainly reflecting the flip of the Argyle Foods tender offer but rallied to close unchanged on the day.

Church shed 5 to 15p as did Polly Peck to 36p. Wearwell eased 2 to 5p following the half-year results.

London Financials staged a smart recovery after the heavy losses sustained on Wednesday and Thursday. Rio Tinto Zinc recouped 11 to 35p, but remained 30p down on the week reflecting the recent dismal performance of copper prices on the London Metal Exchange.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

Table with columns: EQUITY GROUPS & SUB-SECTIONS, Fri June 11 1982, High, Low, 1982, and 1981. Lists various equity groups like CAPITAL GOODS, BUILDING MATERIALS, etc.

Table with columns: FIXED INTEREST, AVERAGE GROSS REDEMPTION YIELDS, and various interest-bearing instruments like British Government, Local Government, etc.

Table with columns: EQUITY SECTION OR GROUP, Base date, Base value, and various equity groups like Other Financial, Food Retailing, etc.

FINANCIAL TIMES STOCK INDICES

Table showing stock indices for June 11, 10, 9, 8, 7, 6, 5, 4, 3, 2, 1, and Year. Includes Government Secs, Fixed Interest, Industrial Ord., etc.

HIGHS AND LOWS S.E. ACTIVITY

Table showing percentage changes since December 31 1981, based on Thursday June 10 1982. Includes Health and Household Products, Tobacco, etc.

LEADERS AND LAGGARDS

Table showing percentage changes since December 31 1981, based on Thursday June 10 1982. Includes Health and Household Products, Tobacco, etc.

RISES AND FALLS

Table showing rises and falls in stock prices. Includes British Funds, Govt. & Foreign Bonds, etc.

NEW HIGHS AND LOWS FOR 1982

Table listing new highs and lows for 1982 across various sectors like BUILDINGS, CHEMICALS, etc.

RECENT ISSUES

Table listing recent issues of stocks, including issue price, amount raised, and company names.

EQUITIES

Table showing equity prices and movements. Includes issue price, amount raised, and company names.

FIXED INTEREST STOCKS

Table showing fixed interest stock prices and movements. Includes issue price, amount raised, and company names.

THURSDAY'S ACTIVE STOCKS

Table showing active stocks on Thursday, including stock name, price, and change.

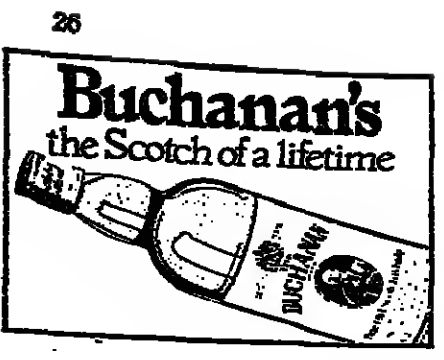
5-DAY ACTIVE STOCKS

Table showing active stocks over a 5-day period, including stock name, price, and change.









FT SHARE INFORMATION SERVICE

LOANS—Continued

Table of financial data including stock prices and company names under the 'LOANS' section.

BANKS & H.P.—Cont.

Table of financial data for banks and other financial institutions.

CHEMICALS, PLASTICS—Cont.

Table of financial data for chemical and plastic companies.

ENGINEERING—Continued

Table of financial data for engineering companies.

BRITISH FUNDS

Table listing various British funds and their performance metrics.

FOREIGN BONDS & RAILS

Table of financial data for foreign bonds and rail companies.

BEERS, WINES AND SPIRITS

Table of financial data for beer, wine, and spirit companies.

DRAPERY AND STORES

Table of financial data for drapery and store companies.

AMERICANS

Table of financial data for American companies.

BUILDING INDUSTRY, TIMBER AND ROADS

Table of financial data for building, timber, and road companies.

ELECTRICALS

Table of financial data for electrical companies.

Over Fifteen Years

Table of financial data for companies with over 15 years of history.

Index-Linked & Variable Rate

Table of financial data for index-linked and variable rate investments.

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

Table of financial data for international bank and government sterling issues.

CANADIANS

Table of financial data for Canadian companies.

COMMONWEALTH AND AFRICAN LOANS

Table of financial data for commonwealth and African loans.

BANKS AND HIRE PURCHASE

Table of financial data for banks and hire purchase companies.

LOANS Public Board and Ind.

Table of financial data for public board and industrial loans.

FOOD, GROCERIES—Cont.

Table of financial data for food and grocery companies.

HOTELS AND CATERERS

Table of financial data for hotels and caterers.

INDUSTRIALS (Misc.)

Large table of financial data for various industrial companies.

FOOD, GROCERIES, ETC.

Table of financial data for food, groceries, and other related companies.

Advertisement for 'Company Search Service' with contact information and details about the service.

CHEMICALS, PLASTICS

Table of financial data for chemical and plastic companies.

ENGINEERING MACHINE TOOLS

Table of financial data for engineering machine tools companies.



هنگام العمل

INDUSTRIALS—Continued

Table of industrial stocks including Johnson & Johnson, Johnson Controls, Johnson Wax, etc.

LEISURE—Continued

Table of leisure stocks including British Airways, British Petroleum, etc.

PROPERTY—Continued

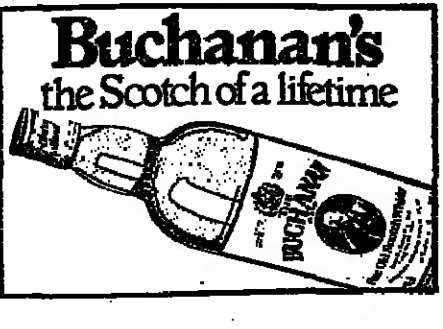
Table of property stocks including British Land, etc.

INVESTMENT TRUSTS—Cont.

Table of investment trusts including British American, etc.

OIL AND GAS—Continued

Table of oil and gas stocks including British Petroleum, etc.



MINES—Continued

Table of mining stocks including Anglo American, etc.

MOTORS, AIRCRAFT TRADES

Table of motor and aircraft trade stocks including British Aerospace, etc.

NEWSPAPERS, PUBLISHERS

Table of newspaper and publisher stocks including News International, etc.

PAPER, PRINTING ADVERTISING

Table of paper, printing, and advertising stocks including Newsprint, etc.

PROPERTY

Table of property stocks including British Land, etc.

SHIPPING

Table of shipping stocks including British Shipbuilders, etc.

SHOES AND LEATHER

Table of shoes and leather stocks including British Shoe, etc.

SOUTH AFRICANS

Table of South African stocks including Anglo American, etc.

TEXTILES

Table of textile stocks including British Textiles, etc.

TOBACCO

Table of tobacco stocks including British American, etc.

TRUSTS, FINANCE, LAND

Table of trusts, finance, and land stocks including British American, etc.

OVERSEAS TRADERS

Table of overseas trader stocks including Anglo American, etc.

RUBBERS AND SISALS

Table of rubber and sisal stocks including Anglo American, etc.

TEAS

Table of tea stocks including Anglo American, etc.

MINES

Table of mining stocks including Anglo American, etc.

FINANCE, LAND, etc.

Table of finance, land, and other stocks including Anglo American, etc.

INSURANCE

Table of insurance stocks including Anglo American, etc.

PROPERTY

Table of property stocks including British Land, etc.

LEISURE

Table of leisure stocks including British Airways, etc.

REGIONAL AND IRISH STOCKS

Table of regional and Irish stocks including Anglo American, etc.

OPTIONS

Table of options including Anglo American, etc.

DIAMOND AND PLATINUM

Table of diamond and platinum stocks including Anglo American, etc.



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MAN IN THE NEWS

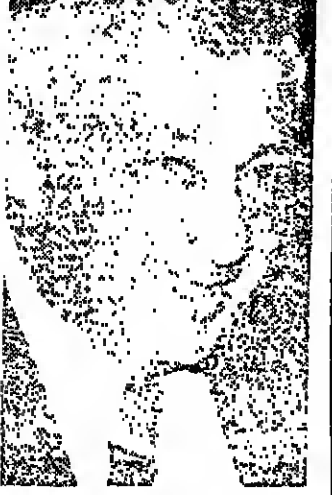
Bloody and daring warrior

BY DAVID LENNON IN TEL AVIV

THE ARCHITECT of the Israeli blitzkrieg on Lebanon General Ariel "Arik" Sharon...

Former defence minister Ezer Weizman depicts Sharon as a man "striding through life as a man who tends to leave behind him a wide swath of bitter enemies, disappointed sympathisers and fervent admirers."

"Arik, King of Israel" the adoring mob called him after he led his troops in a dramatic



Ariel Sharon

crossing of the Suez Canal in October 1957 which turned the course of that war. It is not so certain that he will again be given this title by the mob, following this week's Israel/Lebanon war.

He first came to prominence as founder and commander of the notorious 101 unit which specialised in cross-border retaliation raids against Palestinian guerrillas (then known as Fedayeen) in the Gaza Strip and on the West Bank when under Jordanian control. In one such raid his unit killed 68 Jordanians, half of them women and children. In the 1956 Sinai campaign Sharon disobeyed orders in a move that cost 38 Israeli dead and 120 wounded. Had it not been for the friendship Sharon had made with David Ben-Gurion, he might well have been severely reprimanded, and his military career would have ended there and then. Sharon's actions in quietening down the Gaza Strip in the early 70s also brought criticism of excessive brutality.

In the 1973 Yom Kippur war, it was General Ariel Sharon who masterminded the canal crossing in the west bank. By orthodox military measures, he attempted to establish a bridgehead as a disaster. Starting with a division, after 16 hours he managed to get a force of rather less than battalion strength across the canal, plus some armoured support. Just what happened, and why they were not completely wiped out by the Egyptians is not clear, but Sharon certainly created havoc behind the Egyptian lines after his crossing.

It is his qualities as a political thinker which have come under more critical scrutiny. He openly espouses the need to create a new Middle Eastern order, in which Lebanon is at peace with Israel under a Christian government, Jordan he wants to turn into a Palestinian state, while all of the territories of the occupied West Bank and Gaza strip are incorporated within the boundaries of the state of Israel.

While serving as Agricultural Minister to the last Begin government he built dozens of Jewish settlements on the West Bank, to help in the process of tying it irrevocably to Israel. Now, as Defence Minister, he has done his best to recreate a Christian dominated Lebanon. He has tried to crush the PLO, so that more moderate Palestinian elements can arise to leadership of this dispossessed people and eventually take over Jordan.

His next ambition is to be Prime Minister of Israel after Mr Begin retires. This is a prospect which fills many people in the Knesset and elsewhere with trepidation, as Sharon is not noted for his admiration of Western democratic process.

U.S. rules against Europe

over subsidies on steel

BY ANATOLE KALETSKY IN WASHINGTON AND GILES MERRITT T IN BRUSSELS

THE U.S. Commerce Department has ruled that European steel exporters benefit from unfair government subsidies in violation of international trading agreements.

With immediate effect it will require payments from individual exporters, equal to their levels of subsidy in a momentous challenge to European trading and industrial policies.

British Steel, the EEC corporation found to have the highest subsidy, will have to pay 40.36 per cent of the market value of its exports to the U.S. The British private steel industry was found to be unsubsidised and will not suffer countervailing duties.

Most French and Belgian exporters will have to make payments of about 20 per cent. Subsidies to West German manufacturers have been found to be small—0.6 per cent, in the case of Krupp and negligible for Thyssen, the country's biggest steelmaker.

Announcing the findings yesterday, the Commerce Department said it was well aware of the far-reaching significance of the decisions.

Mr Lionel Olmer, Under Secretary of Trade, said: "These issues go to the heart of the European steel industries' efforts to restructure themselves under government guidance."

Mr Gary Horlick, the official primarily responsible for the investigations, said the U.S. actions were so important to the Europeans "that they will have to challenge us."

He insisted that U.S. decisions are entirely compatible with the General Agreement of Tariffs and Trade and said that if the Europeans could find U.S. products benefiting from government subsidies which violate GATT they would be "fully within their rights to impose countervailing duties."

In Brussels yesterday Etienne Davignon, the EEC Industry Commissioner, made it clear that direct retaliatory action against U.S. agricultural products—which constitute the bulk of U.S. exports to the Community—is not envisaged.

The damage the U.S. duties will do to European steel-makers' sales there is far from clear, Mr Davignon said. The European Commission is to mount its own legal surveillance of the U.S. procedures

against EEC steelmakers in the next few months, but it is plain Brussels now sees the importance of the steel row as political.

The Commission argues that in terms of steel the U.S. action is unfounded. The EEC's market share in the U.S. was 7.2 per cent for the first quarter of 1982 compared with 6.9 per cent last year and 7.1 per cent in 1977-78. So it is non-EEC producers that have made greater inroads.

Mr Roger writes: Mr Ivo MacGregor, British Steel chairman, said the corporation would honour its commitments to sell steel in the U.S. He was optimistic that negotiations would continue and hoped the dispute would be resolved "before we get into the specifics of each case."

European negotiators had been aiming for a large note when U.S. steel companies were operating at a low level, he said.

ESG contingency margin blow. Page 4; Sodaash dumping probe. Page 2; Johnson and Firth Brown results and news analysis, Page 18

Reagan launches 'Berlin initiative'

'Berlin initiative'

By Leslie Collett in Berlin

PRESIDENT REAGAN yesterday proposed wide negotiations with the Soviet Union to reduce the danger of an accidental nuclear attack and to convene a European disarmament conference.

Mr Reagan launched what he called a "new Berlin initiative" of confidence-building measures in East and West during a three-hour visit to West Berlin which ended his nine-day European tour.

As he spoke to 20,000 West Berliners in the grounds of Charlottenburg Palace, clashes took place outside between demonstrators and police.

Police used tear gas and water cannon. There were 280 arrests.

In the palace grounds, the invited audience waved American flags and roared approval as the President quoted the popular song "Berlin bleibt/bleich Berlin" (Berlin stays Berlin).

Mr Reagan said he would propose to Moscow that the two superpowers exchange advance information on strategic nuclear exercises and test-firing of nuclear missiles.

The President said the U.S. was ready to work with the Soviet Union in "peaceful co-operation" if the Soviet leaders were prepared to do the same.

He reiterated that the U.S. was ready to cancel its deployment of Pershing II and cruise nuclear missiles in Western Europe if the Soviet Union scraps its SS4, SS5 and SS20 medium-range missiles.

He repeated an offer made in Bonn that Nato and the Warsaw Pact troops in their combined ground and air forces in central Europe to 900,000 men each.

If Moscow responded positively to these proposals, Mr Reagan said it could open the door to a European disarmament conference.

His proposals appear to go some way to assuaging the fears of many Europeans and Americans that his Administration was seeking nuclear parity with Moscow on a higher level of missiles and warheads.

Mr Reagan earlier visited Checkpoint Charlie, the Berlin Wall's only road crossing for non-Germans to East Berlin.

In his speech he said: "I would like to ask the Soviet leaders one question—I may stuff it in a bottle and throw it over the wall—why is that wall there? Why are they afraid of freedom on their side? The truth is that they know that freedom is catching."

Lesney calls in receivers

BY CHARLES SATCHELOR

LESNEY PRODUCTS, makers of Matchbox models and one of the last major British toy companies, called to receivers yesterday.

The move followed a series of talks since February with companies all foreign, to see whether they could take over Lesney as a going concern, said Mr Gordon Hay, chairman, the man brought in two years ago to sort out Lesney's problems.

Faced with a cash shortage and the impossibility of raising money by even a discounted rights issue, Lesney's board decided the only way was to seek outside support.

The decision has come at a time of problems generally for the toy industry, hit by cheap imports and pressure on margins from large, multiple stores demanding discounts. It has found itself unable to respond rapidly to quickly-

changing demand from its young customer base. Lesney has closed 10 of its 13 plants in the past 18 months, reduced staff levels by more than a third, and cut stocks and borrowings. In January last year, it employed 5,500 people.

But its bank borrowings rose to more than £20m as the new management's success in disposing of assets increased the company's already high level of borrowing relative to assets, and led to worsening of financial ratios.

Lesney has been backed by a consortium of nine banks headed by Midland, which had, Mr Hay said, been "very supportive."

The company has yet to produce accounts for the year to January, but is believed to have reduced its £18m 1980 loss to about £5m on sales £17m lower, at £73m.

The 5p shares were suspended yesterday at 11p, after trading between a high of 18p and a low of 10p this year.

The joint receivers are Mr Guy Parsons and Mr Richard Agutter, of the accountants Peel, Marwick, Mitchell.

The company hopes to continue normal trading despite the receivership, though customers have proved reluctant to place orders in the past when the company's future appeared in doubt.

Mr Parsons said that within hours of his appointment he had been contacted by a number of British companies who had expressed an interest in the business.

"I feel there is the nucleus of a very good business, and I am confident that we will find a solution," he said. News analysis, Page 4

Turner and Newall in £25m deal

BY SUE CAMERON

TURNER AND NEWALL group is planning to sell its polyvinyl chloride (PVC) plastic resins and compounds business to the Norwegian State-owned Norsk Hydro Corporation for £25m.

Both companies were pre-announcing the deal last night as a step towards the rationalisation of Western Europe's plastics industry, which is suffering from chronic over-capacity, low demand and weak prices.

Turner and Newall, whose interests stem from asbestos to plastics, said that although its PVC resins and compounds business made a small profit last year, prospects for it were not exciting. But it added that one of its main motives for selling was the group's need for cash.

Its net borrowing rose from £117m in 1980 to £165m last year. Its UK operations have been hit hard by the recession and in Zimbabwe, where it has asbestos mining interests, its business has been hit by the downturn in demand and by local legislation making it hard to lay off workers.

The deal with Norsk Hydro, which is expected to be completed by September, affects a modern, 88,000 tonnes a year PVC resin plant and a 40,000 tonnes a year compounds plant, both situated at Aycliffe in North-East England. The resin is used in making pipes and sheeting, while the PVC compounds go into the manufacture of such materials as cable coverings, medical tubing, window frames and shoe soles.

Turner and Newall has always bought raw material for the plants from Norsk Hydro, which therefore sees the acquisition as a way of securing outlets for its own PVC production as well for strengthening its overall presence in the UK.

Norsk Hydro believes that it will be one of the survivors in the West European plastics business, mainly because it has access to comparatively cheap North Sea gas for use as a raw material in petrochemicals and plastics.

The group produces vinyl chloride monomer—a raw material for making PVC—at its Rafoes complex in Norway. Last year, it bought the remaining shares in Vinatex, a British PVC company based at Staveley in Derbyshire, from Staveley Chemicals.

Earlier this year, Norsk Hydro agreed to buy the UK-based Fisons' fertiliser division for £50m.

Weather

UK TODAY

SUNNY with showers, becoming heavy in the South. London, E. and Cent. N. England, Midlands.

Early mist clearing to give sunshine and showers. Max. 18C (64F).

S.E., S.W., N.W. and Cent. S. England, Wales, Channel Isles. Heavy showers in places, sunny intervals. Max. 19C (59F).

Lake District, N.E. England, S. Scotland, Isle of Man. Mostly cloudy but brighter later. Max. 14C (57F).

Elsewhere Sunny and showery. Max. 11C (52F).

Outlook: Bright intervals, showers. Cooler.

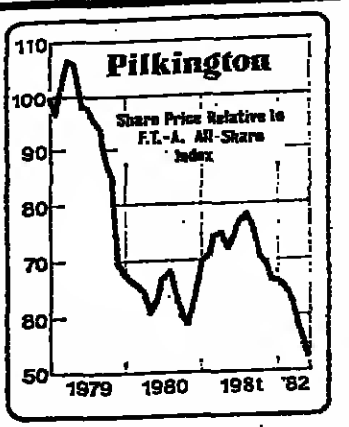
WORLDWIDE

Table with columns for location, temperature, and weather conditions.

THE LEX COLUMN

Pilkington feels the draught

Index rose 5.7 to 584.2



After the intense disappointment caused by Pilkington's interim figures, the market was taking few chances with yesterday's preliminary statement. As it turned out, the shares recovered the week's losses with a 10p rise to 238p. But there was precious little cause for enthusiasm in the statement itself.

Pre-tax profits for the year to March have fallen 34 per cent to £53.4m. UK trading losses total £41.3m, of which roughly half represents redundancy costs. After the payment of overseas tax, ACT and minority charges, there is an attributable loss of £9.3m. The figures are admittedly not affected by an additional depreciation charge of £32.9m.

It is hard to see where the growth will come from this year. Licensing income, which accounted for just over half of last year's pre-tax figure, is scheduled to drop by a third as patent agreements run out. The UK loss should be much smaller, as cost benefits show and the level of redundancy payments fall. But price pressures are still intense and volume is very weak. In fibre glass insulation, the most depressed area, volume is down 15 per cent.

European flat glass capacity is still far too high, particularly since the Luxgard production came on stream, and currencies are unlikely to be much help. A devaluation of the French Franc would only intensify the pressure. In West Germany, Flachglas profits were roughly halved and, with the economy still turning down, will almost certainly be worse still this year.

The other overseas companies are still performing well but, even after a sharp reduction in the UK loss, it is hard to see Pilkington making much over £60m pre-tax this year. The balance sheet is solid enough, with shareholders funds of £960m supporting net debt of £250m, but the chronic ACT problem will probably not encourage largesse on the dividend front. The yield at present is only 6.5 per cent.

Lesney

After soldiering on for three years, Lesney has thrown in the towel and called in the receivers. The immediate cause—an inability to rebuild its equity capital—will cast a chill in the boardrooms of quite a few hard-pressed companies. Lesney's sales proved rather disappointing in the year to January, falling by nearly a

fifth in money terms, and while losses have been reduced, the outcome has still probably emerged in the region of a loss of £8m after tax and extraordinary items.

The losses have effectively been funded out of working capital, as revenue from the Christmas sales period have returned to the group. So to fund this year's stockbuilding the company had to find an extra £9m or so from somewhere. All the obvious disposals have been made, while borrowing would have pushed up net debt to about 2½ times shareholders' funds. Since the return on capital remained so poor, the company felt it could not justify approaching its banks.

Turner & Newall

Turner & Newall has made little secret of its urgent need to release cash by the disposal of unproductive assets. The problem has been to identify businesses which can be sold at close to book value. With net debt equivalent to roughly 50 per cent of shareholders' funds and 70 per cent write-offs are most unwelcome.

T & N is not the first company to square this apparent circle via the "Osin solution," devised by Norsk Hydro, the Norwegian energy company. Only a few months after buying the fertiliser interests of Fisons for around £50m, Norsk is paying £25m for the PVC resin and compound interest in BIP Vynils, the T & N subsidiary. It has a further option to buy the BIP pipes business.

Norsk can integrate BIP's downstream operations with its own production strengths, but it is still paying a full price for a business which is under intense margin pressure and is unlikely to show a return for about two years. The sale is being made almost at book worth.

The proceeds will be very welcome to T & N but may not fully offset this year's underlying cash outflow. So more disposals must be on the cards. Storey Brothers, in the same industry as BIP, might be one candidate but more reorganisation is probably needed before it becomes saleable. In the meantime, Norsk Hydro cannot be short of offers elsewhere.

Demand has turned yet more sour for special steelmaker Johnson and Firth Brown. Deep capacity cutbacks helped the group turn a pre-tax loss in the first half of last year into a profit of £0.2m in the second six months. So the interim figures for this year—showing a relapse into losses of £3.9m—represent a major disappointment, albeit one that the stock market seems to have been prepared for.

The villain of the piece is Rolls-Royce, which has cut back orders by three-quarters. Replacement business has been hard to find and prices have if anything been weakening. So the company has been running its GPM Forging Machine at a lower level of capacity—at about 80 per cent—than last year. The steel division has accordingly seen a £3m turnover into a trading loss of £1.4m over the last two half years. The aerospace downturn has at the same time hit the

America, still the land of great opportunity.

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